



## **AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2020**

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

Compass Charter Schools of San Diego (Charter No. 1454)  
Compass Charter Schools of Los Angeles (Charter No. 1651)  
Compass Charter Schools of Yolo (Charter No. 2059)

**COMPASS CHARTER SCHOOLS  
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JUNE 30, 2020**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Compass Charter Schools  
Thousand Oaks, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Compass Charter Schools (the "Organization") 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.

### **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 Compass Charter Schools 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 financial statements of Compass Charter Schools taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 our report dated November 20, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



San Diego, California  
November 20, 2020

**COMPASS CHARTER SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 2,881,365
Investments	1,468,865
Accounts receivable, net	6,258,867
Prepaid expenses	18,395
Security deposit	5,000
<b>Total Assets</b>	<u>\$ 10,632,492</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 1,677,120
Deferred revenue	15,000
<b>Total liabilities</b>	<u>1,692,120</u>
Net assets	
Without donor restrictions	8,900,382
With donor restrictions	39,990
<b>Total net assets</b>	<u>8,940,372</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 10,632,492</u>

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

**COMPASS CHARTER SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 21,071,655	\$ -	\$ 21,071,655
Federal revenues	697,029	-	697,029
Other state revenues	2,772,379	21,210	2,793,589
Total federal and state support and revenues	24,541,063	21,210	24,562,273
Local support and revenues			
Payments in lieu of property taxes	3,844,336	-	3,844,336
Investment income, net	46,169	-	46,169
Other local revenues	35,908	-	35,908
Total local support and revenues	3,926,413	-	3,926,413
Donor restrictions satisfied	1,968	(1,968)	-
<b>Total Support and Revenues</b>	<b>28,469,444</b>	<b>19,242</b>	<b>28,488,686</b>
<b>Expenses</b>			
Program services	22,993,877	-	22,993,877
Management and general	2,288,064	-	2,288,064
<b>Total Expenses</b>	<b>25,281,941</b>	<b>-</b>	<b>25,281,941</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,187,503</b>	<b>19,242</b>	<b>3,206,745</b>
<b>Net Assets - Beginning</b>	<b>5,712,879</b>	<b>20,748</b>	<b>5,733,627</b>
<b>Net Assets - Ending</b>	<b>\$ 8,900,382</b>	<b>\$ 39,990</b>	<b>\$ 8,940,372</b>

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

**COMPASS CHARTER SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services			Total Program Services	Management and General	Total Expenses
	California Charter No. 1454	1651	2059			
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo			
<b>EXPENSES</b>						
Personnel expenses						
Certificated salaries	\$ 3,962,333	\$ 2,928,343	\$ 2,057,235	\$ 8,947,911	\$ 115,586	\$ 9,063,497
Non-certificated salaries	292,141	510,197	358,499	1,160,837	622,077	1,782,914
Employee benefits	1,535,415	1,240,354	689,070	3,464,839	152,821	3,617,660
Total personnel expenses	<u>5,789,889</u>	<u>4,678,894</u>	<u>3,104,804</u>	<u>13,573,587</u>	<u>890,484</u>	<u>14,464,071</u>
Non-personnel expenses						
Books and supplies	2,668,505	2,182,997	1,434,106	6,285,608	473,109	6,758,717
Services and other operating	1,167,112	990,933	597,784	2,755,829	207,429	2,963,258
Interest expense	578	446	304	1,328	100	1,428
Payments to authorizing agencies	101,232	224,812	51,481	377,525	28,416	405,941
Bad debt expense	-	-	-	-	688,526	688,526
Total non-personnel expenses	<u>3,937,427</u>	<u>3,399,188</u>	<u>2,083,675</u>	<u>9,420,290</u>	<u>1,397,580</u>	<u>10,817,870</u>
<b>Total Expenses</b>	<u>\$ 9,727,316</u>	<u>\$ 8,078,082</u>	<u>\$ 5,188,479</u>	<u>\$ 22,993,877</u>	<u>\$ 2,288,064</u>	<u>\$ 25,281,941</u>

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



**COMPASS CHARTER SCHOOLS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 3,206,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Net realized/unrealized gain on investments	(19,374)
Write-off of bad debts	600,000
(Increase) decrease in operating assets	
Accounts receivable	(4,328,382)
Prepaid expenses	73,816
Increase (decrease) in operating liabilities	
Accounts payable	687,514
Deferred revenue	<u>(86,222)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>134,097</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	134,097
<b>Net cash and cash equivalents - Beginning</b>	<u>2,747,268</u>
<b>Net cash and cash equivalents - Ending</b>	<u>\$ 2,881,365</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid on interest	<u>\$ 1,428</u>

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

**COMPASS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Compass Charter Schools (the “Organization”), was formed as a nonprofit public benefit corporation on October 28, 2011 under the name Academy of Arts & Sciences. In February 2017, the Organization changed its name to Compass Charter Schools. The main purpose of the Organization is to manage public charter schools. Compass Charter Schools’ mission is to inspire, and develop innovative, creative, self-directed learners, one scholar at a time. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public. During the fiscal year ended June 30, 2020, Compass Charter Schools operated three (3) California public charter schools. Information on each of the three charter schools is as follows:

<u>Charter School</u>	<u>Charter No.</u>	<u>Classes Began</u>	<u>Authorizing Agency</u>	<u>County</u>
Compass Charter Schools of San Diego	1454	8/27/2012	MEUSD	San Diego
Compass Charter Schools of Los Angeles	1651	7/1/2014	AADUSD	Los Angeles
Compass Charter Schools of Yolo	2059	7/1/2019	WJUSD	Yolo

The authorizing agencies noted above include: Acton-Agua Dulce Unified School District (AADUSD), Mountain Empire Unified School District (MEUSD), and Winters Joint Unified School District (WJUSD).

**B. Basis of Accounting**

The Organization’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, Compass Charter Schools is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*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.

For operation of public charter schools, the Organization 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 only used to the extent that internal accounting for multiple charter school or other program operations is necessary and is not used for external financial statement presentation.

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. 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.

**E. 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.

**F. 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.

**G. 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 Compass Charter Schools. Revenues are recognized by the Organization when earned.

**H. Cash and Investments**

Compass Charter Schools considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Organization'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.

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. 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 Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2020, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**J. Capital Assets**

Compass Charter Schools has not yet adopted a policy to capitalize asset purchases in conformance with generally accepted accounting principles because the Organization does not own, nor does it plan to acquire, property or equipment of significant value.

**K. 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.

**L. Income Taxes**

Compass Charter Schools 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 Organization is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As an organization operating schools, the Organization is not required to register with the California Attorney General as a charity.

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

**M. 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). 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.

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.

**COMPASS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. New Accounting Pronouncements**

**Revenue Recognition**

In May 2014, the International Accounting Standards Board (IASB) and FASB issued a joint accounting standard on revenue recognition to address a number of concerns regarding the complexity and lack of consistency surrounding the accounting for revenue transactions. Consistent with each board’s policy, FASB and IASB issued new reporting standards on revenue recognition. FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance in FASB ASU No. 2014-09 provides a framework for revenue recognition and supersedes or amends several of the revenue recognition requirements in FASB ASC 605 *Revenue Recognition*. The guidance was originally effective for public entities for the fiscal year beginning after December 15, 2016. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to allow entities additional time to implement systems, gather data, and resolve implementation questions. The effective dates for the new guidance are staggered. Public entities have already implemented the new guidance, and nonprofit entities were required to implement the new guidance for fiscal years beginning after December 15, 2018. In April 2020, FASB voted to delay implementation by one year as a result of COVID-19. The Organization will determine the impact on the financial statements once implemented.

**Leases**

In February 2016, FASB issued ASU 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 and was originally effective for public business entities for fiscal years beginning after December 15, 2018. In October 2019, FASB approved to delay effective dates for all public business entities, except for SEC filers, to fiscal years beginning after December 15, 2019. In April 2020, FASB voted to delay implementation by one year as a result of COVID-19. The Organization will determine the impact on the financial statements once implemented.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2020, consist of the following:

Cash in county treasury	\$ 1,897,693
Cash in banks, non-interest bearing	733,648
Cash in banks, interest bearing	250,024
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 2,881,365</u></b>

**Cash in Banks**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. Compass Charter Schools does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2020, \$929,549 of Compass Charter Schools’ bank balance was exposed to custodial credit risk as there were deposits over \$250,000 at two separate banks.

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

**Cash in County Treasury**

**Policies and Practices**

Compass Charter Schools is a voluntary participant in an external investment pool for one of its charter schools. The fair value of the Organization’s investment in the pool is reported in the financial statements at amounts based upon the Organization’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.

**General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest Organization 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:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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 Organization has managed its exposure to interest rate risk by investing in the County Treasury.

The Organization’s investments in the San Diego County Investment Pool, which combines the share of the portfolio for Compass Charter Schools of San Diego, has a combined fair value of \$1,924,140 and an amortized book value of \$1,897,693 as of June 30, 2020. The average weighted maturity for this pool is 556 days.

**Fair Value Measurement**

Investments in the San Diego County Treasury investment pools are not measured using the fair value input levels noted in Note 1M because the Organization’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.

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 3 – INVESTMENTS**

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1M, the Organization’s investments as of June 30, 2020:

		Quoted Market Price for Assets Level 1
Fixed income securities	\$ 1,216,803	\$ 1,216,803
Money market funds	252,062	-
<b>Total Investments</b>	<b>\$ 1,468,865</b>	<b>\$ 1,216,803</b>

The portion of investments held in money market funds noted above are carried at amortized cost. These types of investments do not qualify as securities as defined in FASB ASC 320, *Investments – Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2020 consists of the following:

LCFF, state aid	\$ 3,928,455
Federal sources	306,536
Other state sources	919,603
In-lieu property taxes	1,068,894
Reimbursements	23,610
Other local sources	11,769
<b>Total Accounts Receivable, net</b>	<b>\$ 6,258,867</b>

**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2020 consists of the following:

Due to authorizing agency	\$ 270,312
Due to grantor governments	131,033
Deferred compensation (summer holdback)	342,375
Other payroll liabilities	441,555
Credit card liabilities	6,714
Vendor payables	485,131
<b>Total Accounts Payable</b>	<b>\$ 1,677,120</b>

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 6 – NET ASSETS**

**Net Assets with Donor Restrictions**

At June 30, 2020, net assets with donor restrictions consisted of \$39,990 in funding with State-imposed restrictions relating to the Low Performing Student Block Grant.

**Net Assets without Donor Restrictions**

At June 30, 2020, the Organization’s net assets without donor restrictions consisted of \$8,900,382 lacking any donor-imposed restrictions.

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets as of June 30, 2020, 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. Any board designations could be drawn upon if the board approves that action.

Financial assets		
Cash and cash equivalents	\$	2,881,365
Investments, at cost		1,468,614
Accounts receivable, current portion		6,258,867
Prepaid expenses		18,395
Total Financial Assets, excluding noncurrent	\$	<u>10,627,241</u>
Contractual or donor-imposed restrictions		
Cash restricted by others for specific uses		<u>(39,990)</u>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	\$	<u><b>10,587,251</b></u>

**NOTE 8 – RELATED PARTY TRANSACTIONS**

**REALM Charter School**

On December 10, 2018, the Organization entered into an Affiliation Agreement with REALM Charter Schools, a separate nonprofit organization, for the purposes of the supporting, benefiting and furthering the charitable and educational purposes of both parties. Subsequently, the Organization entered into an Agreement and Plan of Merger with REALM Charter Schools on February 5, 2019. On June 17, 2019, the Board of Directors for Compass Charter Schools agreed to terminate the agreements with REALM.

As of June 30, 2019, REALM held \$600,000 in loans due to the Organization as well as \$68,525 owed for certain operational costs paid by the Organization on behalf of REALM. As of June 30, 2020, REALM's main funding sources were no longer available due to its previous school closure and the Organization determined that repayment on the loan receivable and other covered costs was not likely. As a result, the Organization has written off the balance owed by REALM of \$668,525. This amount appears as a bad debt expense on the statement of functional expenses for the year ended June 30, 2020.



**COMPASS CHARTER SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**NOTE 8 – RELATED PARTY TRANSACTIONS (continued)**

**Authorizing Agency**

The Organization’s charter schools make payments to the authorizing agencies specified in Note 1A, to provide purchased services in addition to fees for oversight. In accordance with California Education Code 47613(a), the authorizing agency may charge actual costs of oversight not to exceed one percent of revenue from local control funding formula sources. Total oversight fees paid or payable to the authorizing agencies amounted to \$405,941 for the fiscal year ended June 30, 2020.

**Interagency Activity**

Receivables and payables due between the charter schools and other operating unites are classified as due to/from related entities within the Statement of Financial Position by Charter. Cash in bank balances are maintained by the Organization as a whole and are noted as due from related entities within the Statement of Position by Charter. Interagency transactions and balances are eliminated in the financial statements of Compass Charter Schools to better reflect the true activities of the corporation.

**NOTE 9 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer 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 Charters have made such election. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS). The Organization offers all employees social security as an alternative plan to those who may not qualify for CalSTRS.

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

**Plan Description**

Compass Charter Schools 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.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2019-20 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2019-20 was 17.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Compass Charter Schools’ contributions to CalSTRS for the past three years are as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2019-20	\$ 1,416,408	100%
2018-19	\$ 797,431	100%
2017-18	\$ 704,604	100%

**COMPASS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT PLANS (continued)**

**California State Teachers' Retirement System (CalSTRS)**

**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 Compass Charter Schools is estimated at \$624,615. The on-behalf payment amount is computed as the proportionate share of total 2018-19 State on-behalf contributions.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Governmental Funds**

Compass Charter Schools has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. The Organization has undergone certain reviews and has experienced certain expenditure disallowances under the terms of the grants, which have been recorded in the financial statements. Any future such audits could generate additional expenditure disallowances under funding terms; however, it is believed that any required reimbursements would not be material.

**Multi-Employer Defined Benefit Plan Participation**

Under current law on multi-employer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multi-employer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multi-employer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is approximately \$8,207,680 as of June 30, 2019. The Organization does not currently intend to have its charter schools withdraw from CalSTRS. Refer to Note 9 for additional information on employee retirement plans.

**Litigation**

The Organization is 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 Organization at June 30, 2020 or the likelihood of a favorable or unfavorable outcome is unable to be evaluated at this time.

**Operating Lease**

In July 2016, the Organization entered into a lease agreement to occupy approximately 4,623 square feet of commercial space located at 850 Hampshire Road, Suite P in Westlake Village, California. The facility is utilized by the Organization for general administrative office space. The lease agreement covers a term of five (5) years commencing July 1, 2016 and ending June 30, 2021. The agreement allows for an optional renewal for an additional five-year term upon six-months written notice. The lease allows for termination based on a mutual agreement between both parties; therefore, the agreement is deemed an operating lease. The base rent for the first year of the agreement was established as \$1.75 per square foot per month or \$8,090. The base rent is to increase by three percent each year on the anniversary date. Future payment obligations under this lease amount to \$109,268 for fiscal year ending June 30, 2021.

**COMPASS CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 11 – SUBSEQUENT EVENTS**

Compass Charter Schools has evaluated subsequent events for the period from June 30, 2020 through November 20, 2020, the date the financial statements were available to be issued.

On August 14, 2020, Compass Charter Schools entered into a commercial lease agreement to occupy space at 902 South Broadway in Santa Ana, California. The facility shall be used for a learning center for the Organization's staff and scholars. The lease agreement covers a term beginning September 8, 2020 to June 3, 2021. Base rent payments of \$4,500 are due monthly except for June's rent of \$220.

As a result of the coronavirus (COVID-19) outbreak, economic uncertainties have arisen which have modified and delayed governmental funding as well as impacted how the Charter operates its programs and activities for the future reporting periods. At this time, management cannot predict the overall impact of the COVID-19 pandemic, but management continues to monitor the situation, to assess further possible implications to operations, and to take actions in an effort to mitigate adverse consequences.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**COMPASS CHARTER SCHOOLS  
STATEMENT OF FINANCIAL POSITION BY CHARTER  
JUNE 30, 2020**

California Charter No.	1454	1651	2059	Charter Management Operations	Total	Interagency Eliminations	Organization Total
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ 1,897,693	\$ -	\$ -	\$ 983,672	\$ 2,881,365	\$ -	\$ 2,881,365
Investments	-	-	-	1,468,865	1,468,865	-	1,468,865
Accounts receivable	3,246,787	1,980,146	1,008,324	23,610	6,258,867	-	6,258,867
Prepaid expenses	-	-	-	18,395	18,395	-	18,395
Interagency receivable	-	-	-	6,642,522	6,642,522	(6,642,522)	-
Other current assets	-	-	-	5,000	5,000	-	5,000
<b>Total Assets</b>	<b>\$ 5,144,480</b>	<b>\$ 1,980,146</b>	<b>\$ 1,008,324</b>	<b>\$ 9,142,064</b>	<b>\$ 17,275,014</b>	<b>\$ (6,642,522)</b>	<b>\$ 10,632,492</b>
<b>LIABILITIES AND NET ASSETS</b>							
Current liabilities							
Accounts payable	\$ -	\$ 244,628	\$ -	\$ 1,432,492	\$ 1,677,120	\$ -	\$ 1,677,120
Interagency payable	4,576,466	1,334,463	731,593	-	6,642,522	(6,642,522)	-
Deferred revenue	-	-	-	15,000	15,000	-	15,000
Total liabilities	4,576,466	1,579,091	731,593	1,447,492	8,334,642	(6,642,522)	1,692,120
Net assets							
Without donor restrictions	561,067	368,012	276,731	7,694,572	8,900,382	-	8,900,382
With donor restrictions	6,947	33,043	-	-	39,990	-	39,990
Total net assets	568,014	401,055	276,731	7,694,572	8,940,372	-	8,940,372
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,144,480</b>	<b>\$ 1,980,146</b>	<b>\$ 1,008,324</b>	<b>\$ 9,142,064</b>	<b>\$ 17,275,014</b>	<b>\$ (6,642,522)</b>	<b>\$ 10,632,492</b>

See accompanying note to the supplementary information.

**COMPASS CHARTER SCHOOLS  
STATEMENT OF ACTIVITIES BY CHARTER  
FOR THE YEAR ENDED JUNE 30, 2020**

California Charter No.	1454	1651	2059			
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo	Charter Management Operations	Interagency Eliminations	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>						
<b>SUPPORT AND REVENUES</b>						
State support and revenues						
Local control funding formula, state aid	\$ 8,935,290	\$ 7,661,582	\$ 4,474,783	\$ -	\$ -	\$ 21,071,655
Federal revenues	310,348	386,681	-	-	-	697,029
Other state revenues	1,305,234	1,000,303	466,842	-	-	2,772,379
Total state support and revenues	10,550,872	9,048,566	4,941,625	-	-	24,541,063
Local support and revenues						
Payments in lieu of property taxes	2,424,982	359,514	1,059,840	-	-	3,844,336
Investment income, net	26,851	229	156	18,933	-	46,169
Other local revenues	15,529	12,013	8,366	-	-	35,908
Interagency transfers	-	-	-	3,271,891	(3,271,891)	-
Total local support and revenues	2,467,362	371,756	1,068,362	3,290,824	(3,271,891)	3,926,413
Donor restrictions satisfied	1,045	923	-	-	-	1,968
<b>Total Support and Revenues</b>	13,019,279	9,421,245	6,009,987	3,290,824	(3,271,891)	28,469,444
<b>EXPENSES</b>						
Program services	11,904,002	8,697,307	5,360,386	-	(2,967,818)	22,993,877
Management and general	840,335	610,040	372,870	768,892	(304,073)	2,288,064
<b>Total Expenses</b>	12,744,337	9,307,347	5,733,256	768,892	(3,271,891)	25,281,941
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	274,942	113,898	276,731	2,521,932	-	3,187,503
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>						
State restricted revenues	4,040	17,170	-	-	-	21,210
Donor restrictions satisfied	(1,045)	(923)	-	-	-	(1,968)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	2,995	16,247	-	-	-	19,242
<b>CHANGE IN NET ASSETS</b>	277,937	130,145	276,731	2,521,932	-	3,206,745
<b>Net Assets - Beginning</b>	290,077	270,910	-	5,172,640	-	5,733,627
<b>Net Assets - Ending</b>	\$ 568,014	\$ 401,055	\$ 276,731	\$ 7,694,572	\$ -	\$ 8,940,372

See accompanying note to the supplementary information.

**COMPASS CHARTER SCHOOLS  
CHARTER ORGANIZATIONAL STRUCTURE  
JUNE 30, 2020**

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Compass Charter Schools (the “Organization”) was formed as a nonprofit public benefit corporation on October 28, 2011 under the name Academy of Arts & Sciences. In February 2017, the Organization changed its name to Compass Charter Schools. As of June 30, 2020, the Organization operated three (3) California public charter schools in three counties. The following is a list of all charter schools operated by the Organization during 2019-20:

Charter School	Charter No.	Classes Began	Authorizing Agency	County
Compass Charter Schools of San Diego	1454	8/27/2012	MEUSD	San Diego
Compass Charter Schools of Los Angeles	1651	7/1/2014	AADUSD	Los Angeles
Compass Charter Schools of Yolo	2059	7/1/2019	WJUSD	Yolo

*AADUSD – Acton-Agua Dulce Unified District  
MEUSD – Mountain Empire Unified School District  
WJUSD – Winters Joint Unified School District*

The Board of Directors of Compass Charter Schools oversees the operations for all charter schools of the Organization. As of June 30, 2020, the members of the board and administrators are as follows:

**BOARD OF TRUSTEES**

Trustee	Office	Term Ending
John Vargas	Chair	June 2023
Bill Dennett	Treasurer	June 2021
Matthew Brown	Secretary	June 2020
Cori Brooks	Director	June 2021
Martin Suarez	Director	June 2021

**ADMINISTRATION**

James (J.J.) Lewis  
*Superintendent & CEO*

Lisa Fishman  
*Chief Financial Officer*

Aviva Ebner, Ph.D.  
*Asst. Sup. & Chief Academic Officer*

Sophia Trivino  
*Chief of Staff*

**COMPASS CHARTER SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

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No Classroom-Based Average Daily Attendance (ADA) was generated or reported during the fiscal year 2019-20 by any charter school operated by the Organization.

**SECOND PERIOD REPORT: AVERAGE DAILY ATTENDANCE (ADA) - NON-CLASSROOM BASED**

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California Charter No.	1454	1651	2059
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo
Certificate No.	<i>9798DE23</i>	<i>8047BDD2</i>	<i>CAC03814</i>
<b>Grade Span</b>			
Grades K - 3*	339.21	241.47	282.07
Grades 4 - 6	306.32	192.84	166.04
Grades 7 - 8	259.90	181.05	90.96
Grades 9 - 12	312.37	217.76	78.83
<b>Total ADA - Non-Classroom Based</b>	<u>1,217.80</u>	<u>833.12</u>	<u>617.90</u>

**ANNUAL REPORT: AVERAGE DAILY ATTENDANCE (ADA) - NON-CLASSROOM BASED**

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California Charter No.	1454	1651	2059
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo
Certificate No.	<i>ADC5C0BF</i>	<i>E23797EA</i>	<i>FEFC3954</i>
<b>Grade Span</b>			
Grades K - 3*	339.21	241.47	282.07
Grades 4 - 6	306.32	192.84	166.04
Grades 7 - 8	259.90	181.05	90.96
Grades 9 - 12	312.37	217.76	78.83
<b>Total ADA - Non-Classroom Based</b>	<u>1,217.80</u>	<u>833.12</u>	<u>617.90</u>

\*Includes Transitional Kindergarten (TK)



**COMPASS CHARTER SCHOOLS  
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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There were no adjustments made to reconcile fund balance reported on the Financial Report - Alternative Forms (*Charter School Unaudited Actuals*) to net assets per the audited financial statements by charter school for the year ended June 30, 2020.

**COMPASS CHARTER SCHOOLS  
NOTES TO THE SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**A. Statements by Charter**

Compass Charter Schools' statements of financial position, and activities by school provide information supporting the amounts incorporated in the Organization's financial statements, which include results from all schools operated by the corporation.

**B. Charter Organizational Structure**

This schedule provides information about the charter schools' authorizing agencies, grades served, members of the governing body, and members of the administration.

**C. Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter 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 and in different programs.

**D. Reconciliation of Financial Report - Alternative Form with Audited Financial Statements**

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements by charter.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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  
Compass Charter Schools  
Thousand Oaks, 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 Compass Charter Schools (the "Organization") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 20, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing auditing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
November 20, 2020

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

To the Board of Directors of  
Compass Charter Schools  
Thousand Oaks, California

**Report on State Compliance**

We have audited Compass Charter Schools' compliance with the types of compliance requirements described in the *2019-20 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 Compass Charter Schools' state programs for the fiscal year ended June 30, 2020, as identified below.

**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 Compass Charter Schools' 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 *2019-20 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 occurred. An audit includes examining, on a test basis, evidence about Compass Charter Schools' 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 Compass Charter Schools' compliance with those requirements.

**Opinion on State Compliance**

In our opinion, Compass Charter Schools 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, 2020.

**Procedures Performed**

In connection with the audit referred to above, we selected and tested transactions and records to determine Compass Charter Schools’ compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
<b>School Districts, County Office of Education and Charter Schools</b>	
California Clean Energy Jobs Act	No
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not applicable
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

We did not perform procedures for the California Clean Energy Jobs Act because no funds were expended, and no projects were completed for any of the charter schools.



San Diego, California  
November 20, 2020

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**COMPASS CHARTER SCHOOLS  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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**

*The Organization did not expend more than \$750,000 in federal awards during the fiscal year; therefore, a Federal Single Audit is not applicable.*

**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>

**COMPASS CHARTER SCHOOLS  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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 2019-20.*

**COMPASS CHARTER SCHOOLS  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
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 2019-20.*

**COMPASS CHARTER SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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*There were no audit findings or questioned costs during 2018-19.*