

November 19, 2021

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

We have audited the financial statements of Compass Charter Schools for the year ended June 30, 2021, and we will issue our report thereon dated November 19, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 7, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Compass Charter Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2020-21 fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

The disclosure on subsequent events in Note 12 to the financial statements. Assembly Bill 130 (AB 130) added a provision within the California Education Code, whereby all charter schools whose term expires on or between January 1, 2022 and June 30, 2021, shall have their term extended by two years.

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

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

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

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

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

### **Corrected and Uncorrected Misstatements (continued)**

Recording of State on-behalf contributions to the CalSTRS retirement plan of \$889,616. Because the entry is a non-cash transaction with no impact on ending net assets, the Organization does not typically record this entry and relies on the audit adjustment.

Recording of the accrued vacation pay balance of \$167,532. Any balances attributed to compensated absences that is payable to employees upon leave or departure should be accrued as a liability to the Organization.

### **Disagreements with Management**

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

### **Management Representations**

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

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

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

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

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

A Federal Single Audit was applicable to the Organization as expenditures of federal funding exceeded \$750,000 in the 2020-21 fiscal year. No previous Federal Single Audits were conducted or applicable in the past 2 years; therefore, the Organization was noted as a "high-risk auditee" for federal major program determination purposes. An additional audit fee was agreed to in the engagement letter if and when a Federal Single Audit applies.

### **Other Matters**

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

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

Sincerely,



Christy White, Inc.  
San Diego, California