



AUDIT REPORT

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

**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, 2021**

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FINANCIAL SECTION

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, 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 Compass Charter Schools 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.

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 November 19, 2021, 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.

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

San Diego, California
November 19, 2021

COMPASS CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 5,448,059
Investments	1,020,301
Accounts receivable	7,526,312
Prepaid expenses	462,144
Deposits	<u>10,220</u>
Total Assets	<u>\$ 14,467,036</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 2,908,382
Deferred revenue	<u>821,744</u>
Total liabilities	<u>3,730,126</u>
Net assets	
Without donor restrictions	<u>10,736,910</u>
Total net assets	<u>10,736,910</u>
Total Liabilities and Net Assets	<u>\$ 14,467,036</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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 20,835,002	\$ -	\$ 20,835,002
Federal revenues	1,521,552	-	1,521,552
Other state revenues	3,537,539	-	3,537,539
Total federal and state support and revenues	25,894,093	-	25,894,093
Local support and revenues			
Payments in lieu of property taxes	3,965,672	-	3,965,672
Investment income, net	52,125	-	52,125
Other local revenues	50,522	-	50,522
Total local support and revenues	4,068,319	-	4,068,319
Donor restrictions satisfied	39,990	(39,990)	-
Total Support and Revenues	30,002,402	(39,990)	29,962,412
Expenses			
Program services	26,079,660	-	26,079,660
Management and general	2,086,214	-	2,086,214
Total Expenses	28,165,874	-	28,165,874
CHANGE IN NET ASSETS	1,836,528	(39,990)	1,796,538
Net Assets - Beginning	8,900,382	39,990	8,940,372
Net Assets - Ending	\$ 10,736,910	\$ -	\$ 10,736,910

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, 2021**

California Charter No.	Program Services			Total Program Services	Management and General	Total Expenses
	1454	1651	2059			
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo			
EXPENSES						
Personnel expenses						
Certificated salaries	\$ 4,930,156	\$ 3,258,535	\$ 2,172,432	\$ 10,361,123	\$ 186,151	\$ 10,547,274
Non-certificated salaries	1,043,219	684,302	454,114	2,181,635	803,498	2,985,133
Employee benefits	2,100,182	1,541,070	891,707	4,532,959	341,191	4,874,150
Total personnel expenses	<u>8,073,557</u>	<u>5,483,907</u>	<u>3,518,253</u>	<u>17,075,717</u>	<u>1,330,840</u>	<u>18,406,557</u>
Non-personnel expenses						
Books and supplies	2,169,769	1,574,324	996,628	4,740,721	54,599	4,795,320
Services and other operating	1,559,625	1,551,548	921,360	4,032,533	683,411	4,715,944
Payments to authorizing agencies	104,652	74,477	51,560	230,689	17,364	248,053
Total non-personnel expenses	<u>3,834,046</u>	<u>3,200,349</u>	<u>1,969,548</u>	<u>9,003,943</u>	<u>755,374</u>	<u>9,759,317</u>
Total Expenses	<u>\$ 11,907,603</u>	<u>\$ 8,684,256</u>	<u>\$ 5,487,801</u>	<u>\$ 26,079,660</u>	<u>\$ 2,086,214</u>	<u>\$ 28,165,874</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, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,796,538
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Net unrealized gain on investments	(625)
(Increase) decrease in operating assets	
Accounts receivable	(1,267,445)
Prepaid expenses	(443,749)
Deposits	(5,220)
Increase (decrease) in operating liabilities	
Accounts payable	1,231,262
Deferred revenue	806,744
Net cash provided by (used in) operating activities	<u>2,117,505</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Transfers from investment account to operating account	450,000
Reinvestment of interest and dividends	(811)
Net cash provided by (used in) investing activities	<u>449,189</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,566,694
Net cash and cash equivalents - Beginning	<u>2,881,365</u>
Net cash and cash equivalents - Ending	<u>\$ 5,448,059</u>
SUPPLEMENTAL DISCLOSURE	
Cash paid on interest	<u>\$ 229</u>

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

**COMPASS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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, 2021, Compass Charter Schools operated three (3) California public charter schools. Information on each of the three charter schools is as follows:

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

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 – 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, 2021

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 Cash Equivalents

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

I. Investments

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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, 2021, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

K. 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.

L. 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.

M. 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.

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). 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, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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 Organization 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	\$ 3,963,072
Cash in banks, non-interest bearing	1,308,962
Cash in banks, interest bearing	176,025
Total Cash and Cash Equivalents	<u>\$ 5,448,059</u>

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, 2021, \$1,789,012 of Compass Charter Schools’ bank balance was exposed to custodial credit risk as there were deposits over \$250,000 at one or more banks.

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.

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 \$3,979,621 and an amortized book value of \$3,963,072 as of June 30, 2021. The average weighted maturity for this pool is 613 days.

COMPASS CHARTER SCHOOLS
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 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:

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

Fair Value Measurement

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

NOTE 3 – INVESTMENTS

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Organization's investments as of June 30, 2021:

	Market Value	Fair Value Classification		
		Level 1	Level 2	Level 3
Fixed income securities	\$ 767,363	\$ 767,363	\$ -	\$ -
Money market funds	252,938	-	-	-
Total Investments	\$ 1,020,301	\$ 767,363	\$ -	\$ -

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.

COMPASS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 4 – ACCOUNTS RECEIVABLE

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

Local control funding sources, state aid	\$ 5,418,326
Federal sources	626,830
Other state sources	877,101
In lieu property tax payments	603,493
Other local sources	562
Total Accounts Receivable	<u>\$ 7,526,312</u>

NOTE 5 – ACCOUNTS PAYABLE

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

Due to grantor governments	\$ 1,521,055
Due to authorizing agencies	76,542
Deferred compensation (summer holdback)	351,111
Compensated absences (vacation pay)	167,532
Other payroll liabilities	452,104
Credit card liabilities	23,230
Vendor payables	316,808
Total Accounts Payable	<u>\$ 2,908,382</u>

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2021, consists of the following:

Federal sources	\$ 30,006
State sources	791,738
Total Deferred Revenue	<u>\$ 821,744</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’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. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 5,448,059
Investments, at cost	1,020,301
Accounts receivable, current portion	7,526,312
Prepaid expenses	462,144
Deposits, current portion	5,220
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 14,462,036</u>

COMPASS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – NET ASSETS

At June 30, 2021, the Organization did not hold any net assets with donor restrictions. At June 30, 2021, the Organization's net assets without donor restrictions consisted of \$10,736,910.

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 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. Compass Charter Schools' contributions to CalSTRS for the past three years are as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2020-21	\$ 1,713,100	100%
2019-20	\$ 1,416,408	100%
2018-19	\$ 797,431	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 Compass Charter Schools is estimated at \$889,616. The on-behalf payment amount is computed as the proportionate share of total 2019-20 State on-behalf contributions.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Multiemployer Defined Benefit Plan Participation

Under current law on multi-employer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is approximately \$15,248,992 as of June 30, 2020. 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.

COMPASS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

Charter School Authorization

As mentioned in Note 1A, the charter schools under Compass Charter Schools are approved to operate as a public charter school through authorization from their respective authorizing agencies. As such, the charter schools are subject to the risk of possible non-renewal or revocation at the discretion of their authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

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.

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, 2021 or the likelihood of a favorable or unfavorable outcome is unable to be evaluated at this time.

Operating Lease

In November 2020, the Organization entered into a lease agreement to occupy commercial space located at 850 Hampshire Road, Suite R in Thousand Oaks, California. The facility is utilized by the Organization for general administrative office space. The lease agreement covers a term of four (4) years commencing January 1, 2021 and ending December 31, 2024. The lease allows for termination based on a mutual agreement between both parties; therefore, the agreement is deemed an operating lease. Future payment obligations under this lease are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments</u>
2022	\$ 85,180
2023	59,926
2024	61,723
2025	31,318
Total	\$ 238,147

NOTE 11 – RELATED PARTY TRANSACTIONS

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 Section 47613(b), 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 \$248,053 for the fiscal year ended June 30, 2021.

COMPASS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

Interagency Activity

Receivables and payables due between the charter schools and other operating units 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 12 – SUBSEQUENT EVENTS

Compass Charter Schools has evaluated subsequent events for the period from June 30, 2021 through November 19, 2021, the date the financial statements were available to be issued.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, 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, 2025, inclusive, shall have their term extended by two years. As a result, the new term expiration date to the charter petition for schools mentioned in Note 1A are as follows:

<u>Charter School</u>	<u>Charter No.</u>	<u>Original Term End</u>	<u>Extended Term End</u>
Compass Charter Schools of San Diego	1454	6/30/2022	6/30/2024
Compass Charter Schools of Los Angeles	1651	6/30/2024	6/30/2026
Compass Charter Schools of Yolo	2059	6/30/2024	6/30/2026

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

SUPPLEMENTARY INFORMATION

COMPASS CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION BY CHARTER
JUNE 30, 2021

California Charter No.	1454	1651	2059	Charter Management Operations	Total	Interagency Eliminations	Organization Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 3,963,072	\$ -	\$ -	\$ 1,484,987	\$ 5,448,059	\$ -	\$ 5,448,059
Investments	-	-	-	1,020,301	1,020,301	-	1,020,301
Accounts receivable	2,027,273	3,179,980	2,318,506	553	7,526,312	-	7,526,312
Prepaid expenses	20,154	23,089	2,612	416,289	462,144	-	462,144
Interagency receivable	-	-	-	6,589,522	6,589,522	(6,589,522)	-
Other current assets	-	-	-	10,220	10,220	-	10,220
Total Assets	\$ 6,010,499	\$ 3,203,069	\$ 2,321,118	\$ 9,521,872	\$ 21,056,558	\$ (6,589,522)	\$ 14,467,036
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 1,469,657	\$ 81,317	\$ 92,379	\$ 1,265,029	\$ 2,908,382	\$ -	\$ 2,908,382
Interagency payable	2,913,809	2,001,065	1,674,648	-	6,589,522	(6,589,522)	-
Deferred revenue	501,189	320,555	-	-	821,744	-	821,744
Total liabilities	4,884,655	2,402,937	1,767,027	1,265,029	10,319,648	(6,589,522)	3,730,126
Net assets							
Without donor restrictions	1,125,844	800,132	554,091	8,256,843	10,736,910	-	10,736,910
Total net assets	1,125,844	800,132	554,091	8,256,843	10,736,910	-	10,736,910
Total Liabilities and Net Assets	\$ 6,010,499	\$ 3,203,069	\$ 2,321,118	\$ 9,521,872	\$ 21,056,558	\$ (6,589,522)	\$ 14,467,036

See accompanying notes to the supplementary information.

**COMPASS CHARTER SCHOOLS
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2021**

California Charter No.	1454	1651	2059	Charter Management Operations	Interagency Eliminations	Total
	Compass Charter Schools of San Diego	Compass Charter Schools of Los Angeles	Compass Charter Schools of Yolo			
NET ASSETS WITHOUT DONOR RESTRICTIONS						
SUPPORT AND REVENUES						
State support and revenues						
Local control funding formula, state aid	\$ 8,779,895	\$ 7,605,320	\$ 4,449,787	\$ -	\$ -	\$ 20,835,002
Federal revenues	672,437	645,024	204,091	-	-	1,521,552
Other state revenues	1,642,608	1,207,939	686,992	-	-	3,537,539
Total state support and revenues	11,094,940	9,458,283	5,340,870	-	-	25,894,093
Local support and revenues						
Payments in lieu of property taxes	2,478,552	396,001	1,091,119	-	-	3,965,672
Investment income, net	51,004	391	388	342	-	52,125
Other local revenues	15,496	12,627	7,399	15,000	-	50,522
Interagency transfers	76,491	54,222	36,819	1,209,461	(1,376,993)	-
Total local support and revenues	2,621,543	463,241	1,135,725	1,224,803	(1,376,993)	4,068,319
Donor restrictions satisfied	6,947	33,043	-	-	-	39,990
Total Support and Revenues	13,723,430	9,954,567	6,476,595	1,224,803	(1,376,993)	30,002,402
EXPENSES						
Program services	12,367,747	8,984,167	5,852,544	-	(1,124,798)	26,079,660
Management and general	790,906	538,280	346,691	662,532	(252,195)	2,086,214
Total Expenses	13,158,653	9,522,447	6,199,235	662,532	(1,376,993)	28,165,874
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	564,777	432,120	277,360	562,271	-	1,836,528
NET ASSETS WITH DONOR RESTRICTIONS						
Donor restrictions satisfied	(6,947)	(33,043)	-	-	-	(39,990)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(6,947)	(33,043)	-	-	-	(39,990)
CHANGE IN NET ASSETS	557,830	399,077	277,360	562,271	-	1,796,538
Net Assets - Beginning	568,014	401,055	276,731	7,694,572	-	8,940,372
Net Assets - Ending	\$ 1,125,844	\$ 800,132	\$ 554,091	\$ 8,256,843	\$ -	\$ 10,736,910

See accompanying notes to the supplementary information.

**COMPASS CHARTER SCHOOLS
LEA ORGANIZATION STRUCTURE
JUNE 30, 2021**

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, 2021, 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 2020-21:

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, 2021, the members of the board and administrators are as follows:

BOARD OF TRUSTEES

Trustee	Office	Term Ending
Martin Suarez***	Chair	June 2023
Bill Dennett	Treasurer	June 2021
Cori Brooks**	Secretary	June 2021
Thomas Arnett	Director	June 2023
Randi Pugh	Director	June 2021
John Vargas*	Director	June 2023
Lainie Rowell****	Director	June 2022
Therese Christopher****	Director	June 2022

ADMINISTRATION

James (J.J.) Lewis
Superintendent & CEO

Lisa Fishman
Chief Operations Officer

Aviva Ebner, Ph.D.
Asst. Supt. & Chief Academic Officer

Sophia Trivino
Chief People Officer

*Mr. Vargas resigned from the Board in January 2021
**Ms. Brooks resigned from the Board in March 2021
***Mr. Suarez resigned from the Board in May 2021
****Ms. Rowell and Ms. Christopher joined the Board in June 2021

See accompanying notes to the supplementary information.

**COMPASS CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A [1]			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 308,794
Comprehensive Support and Improvement for LEAs	84.010	15438	416,985
Subtotal Title I, Part A			<u>725,779</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	57,477
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	20,000
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	353,669
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	20,672
Subtotal Special Education Cluster			<u>374,341</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	73,382
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	97,716
Subtotal Education Stabilization Fund Discretionary Grants			<u>171,098</u>
Total U. S. Department of Education			<u>1,348,695</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	172,857
Total U. S. Department of the Treasury			<u>172,857</u>
Total Federal Expenditures			<u>\$ 1,521,552</u>

[1] - Major Program

**COMPASS CHARTER SCHOOLS
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no adjustments to reconcile net position reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets per the audited financial statements for the year ended June 30, 2021 for each of the following 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
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

A. Financial Statements by Charter

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

B. LEA Organization Structure

This schedule provides information about the local education agencies (LEAs or charter schools), including the charter schools' authorizing agencies, grades served, members of the governing body, and members of the administration.

C. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization 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 Organization has not elected to use the 10 percent de minimis indirect cost rate.

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

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

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
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, 2021, 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 19, 2021.

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 19, 2021

**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
Compass Charter Schools
Thousand Oaks, California

Report on Compliance for Each Major Federal Program

We have audited Compass Charter Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Compass Charter Schools' major federal programs for the year ended June 30, 2021. Compass Charter Schools' 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 Compass Charter Schools' 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 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 for each major federal program. However, our audit does not provide a legal determination of Compass Charter Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Compass Charter Schools 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 Compass Charter Schools 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 Compass Charter Schools' 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 Compass Charter Schools' 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.



San Diego, California
November 19, 2021

REPORT ON STATE COMPLIANCEIndependent 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 *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 Compass Charter Schools' state programs for the fiscal year ended June 30, 2021, 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 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 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, 2021.

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
Local Education Agencies	
Attendance and Distance Learning	Not applicable
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Instructional Time	Not applicable
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	No
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	Not applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
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 19, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**COMPASS CHARTER SCHOOLS
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>
Noncompliance 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 Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</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>

**COMPASS CHARTER SCHOOLS
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.

**COMPASS CHARTER SCHOOLS
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 the federal awards during 2020-21.

**COMPASS CHARTER SCHOOLS
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.

**COMPASS CHARTER SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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