Financial Statements
June 30, 2020

# Libertas College Preparatory Charter School

Charter No. 1711

EideBailly

eidebailly.com

**Independent Auditor's Report**

Governing Board
Libertas College Preparatory Charter School
Los Angeles, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Libertas College Preparatory Charter School (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement 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 Organization'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 Organization'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 respective financial position of the Organization, 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**

*Other Information*
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary information as listed in the table of contents 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 6, 2021

| | |
|---|---|
| Assets | |
| Current assets | |
| Cash | $ 1,439,756 |
| Accounts receivable | 364,429 |
| Prepaid expenses | 42,108 |
| Total current assets | 1,846,293 |
| Non-current assets | |
| Property and equipment, net | 12,138 |
| Total assets | $ 1,858,431 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | $ 72,916 |
| Accrued liabilities | 20,499 |
| Refundable advance | 16,702 |
| Refundable advance - Proposition 1D | 89,351 |
| Refundable advance - Paycheck Protection Program (PPP) | 428,852 |
| Total current liabilities | 628,320 |
| Long-term liabilities | |
| Proposition 1D | 448,501 |
| Line of credit | 5,323 |
| Total long-term liabilities | 453,824 |
| Total liabilities | 1,082,144 |
| Net Assets | |
| Without donor restrictions | 776,287 |
| Total liabilities and net assets | $ 1,858,431 |

| | Without Donor Restrictions |
|---|---|
| Support and Revenues | |
| Local Control Funding Formula | $ 2,827,430 |
| Federal revenue | 452,478 |
| Other state revenue | 326,385 |
| Local revenues | 223,460 |
| Total support and revenues | 3,829,753 |
| Expenses | |
| Program services | 2,634,035 |
| Management and general | 898,637 |
| Total expenses | 3,532,672 |
| Change in Net Assets | 297,081 |
| Net Assets, Beginning of Year | 479,206 |
| Net Assets, End of Year | $ 776,287 |

| | Program Services | Management and General | Total Expenses |
|---|---|---|---|
| Salaries | $ 1,611,009 | $ 291,320 | $ 1,902,329 |
| Employee benefits | 177,377 | 32,075 | 209,452 |
| Payroll taxes | 122,359 | 22,127 | 144,486 |
| Fees for services | 199,420 | 338,701 | 538,121 |
| Advertising and promotions | - | 8,325 | 8,325 |
| Office expenses | - | 25,622 | 25,622 |
| Information technology | - | 55,647 | 55,647 |
| Occupancy | 122,055 | 22,071 | 144,126 |
| Travel | 13,841 | - | 13,841 |
| Interest | - | 671 | 671 |
| Depreciation | 4,827 | - | 4,827 |
| Insurance | - | 20,537 | 20,537 |
| Other expenses | 48,475 | 52,971 | 101,446 |
| Capital outlay | 94,176 | - | 94,176 |
| Special education | 44,022 | - | 44,022 |
| Instructional materials | 58,996 | - | 58,996 |
| Nutrition | 137,478 | - | 137,478 |
| District oversight fees | - | 28,570 | 28,570 |
| Total functional expenses | $ 2,634,035 | $ 898,637 | $ 3,532,672 |

| | |
|---|---|
| Cash Flows from Operating Activities | |
| Change in net assets | $ 297,081 |
| Adjustments to reconcile change in net assets | |
| to net cash from operating activities | |
| Depreciation expense | 4,827 |
| Changes in operating assets and liabilities | |
| Accounts receivable | 51,269 |
| Prepaid expenses | (12,220) |
| Accounts payable | (65,776) |
| Accrued liabilities | 20,499 |
| Refundable advance | 16,702 |
| Refundable advance - Proposition 1D | (130,964) |
| Refundable advance - PPP | 428,852 |
| Net Cash from Operating Activities | 610,270 |
| Cash Flows used for Financing Activities | |
| Principal payments on revolving loan | (50,004) |
| Net Change in Cash | 560,266 |
| Cash, Beginning of Year | 879,490 |
| Cash, End of Year | $ 1,439,756 |
| Supplemental Cash Flow Disclosure | |
| Cash paid during the period in interest | $ 671 |

## Note 1 - Principal Activity and Significant Accounting Policies

### The Organization

Libertas College Preparatory Charter School (the Organization) is a non-profit public benefit corporation and was approved for a charter by the Los Angeles Unified School District on August 26, 2014, for a period of five years ending in 2020. On September 2019, the Organization was renewed for an additional five years ending in 2025.

Charter school number authorized by the State: 1711

The Organization School located at 3875 Dublin Avenue, Los Angeles, CA 90008 opened in July 2015 and currently serves 283 students in grades fourth through eighth. The mission of the Organization is to equip middle school students in grades four through eight with the academic skills and the strength of character needed to thrive in and graduate from high-performing high schools and competitive colleges.

### Other Related Entities

Joint Powers Agency and Risk Management Pools – The Organization is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) dba CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Organization. Additional information is presented in Note 9 to the financial statements.

### Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

**Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

**Property and Equipment**

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2020, conditional contributions approximating $14,883,340 of which $7,441,670 would be considered a loan in lieu of the Organization's matching share related to Proposition 1D funds for which no amounts had been received in advance, have not been recognized in the accompanying financial statements. See Note 4 for additional information regarding Proposition 1D funds.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a $428,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, refundable advances related to the PPP loan was $428,300, including $552 in accrued interest.

**Functional Allocation of Expenses**

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates. The expenses that are allocated include occupancy which are allocated based on salary split, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**Income Taxes**

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

**Recent Accounting Pronouncements**

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

**Change in Accounting Principle**

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard and will defer the adoption of Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842).

## Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

| | |
|---|---|
| Cash | $ 1,350,405 |
| Accounts receivable | 364,429 |
| Total | $ 1,714,834 |

A portion of the Organization's cash consists of Proposition 1D funds in the amount of $537,852 which are restricted for specific purposes and, therefore, are not available for general expenditure. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

## Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020:

| | |
|---|---|
| Computer and equipment | $ 21,833 |
| Furniture | 3,221 |
| | 25,054 |
| Less accumulated depreciation | (12,916) |
| Total | $ 12,138 |

## Note 4 - Proposition 1D

Proposition 1D, passed by California voters in November 2002, established the Charter School Facility Program and provided for charter schools that provide site-based instruction to access State of California facility funding directly for the construction of new charter schools or additions to existing charter schools. Per Proposition 1D one-half of the approved project costs paid under the award are reimbursed in the form of a State grant (recorded as earned revenue and proposition expense on the Statement of Activities and Changes in Net Assets) and one half of the approved project costs paid under the award are required to be remitted back to the State of California in the form of loan payments over a period not to exceed 30 years.

During the fiscal year ended June 30, 2018, the Organization was awarded $15,780,342 in Charter School Facilities Program funding established by Proposition 1D. The Organization has received the initial design funds in the amount of $897,002 as of the fiscal year ended June 30, 2020. At June 30, 2020, the project is ongoing. The balance of $448,501 in long-term liabilities represents one-half of the costs incurred as of the year-end for the Organization's approved Proposition 1D project.

## Note 5 - Line of Credit

The Charter School obtained a $150,000 line of credit with California Credit Union. At June 30, 2020, the outstanding balance on the line of credit is $5,323. The interest rate on this line of credit is equal to 7.00%. The line expires on November 1, 2021.

## Note 6 - Operating Lease

The Organization entered into a one-year lease during the 2019-2020 fiscal year with Los Angeles Unified School District in which the Organization would occupy space at the Tom Bradley Environmental Science & Humanities Magnet site located at 3875 Dublin Avenue, Los Angeles for its campus location. Lease expense for fiscal year 2019-2020 was $118,587.

## Note 7 - Employee Retirement Systems

### 403(b) Tax Deferred Annuity Plan

The Organization sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 and completed one year of service may voluntarily contribute from 3% to 10% of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Governing Board each plan year. During the year ended June 30, 2020, the Organization matched employee voluntary contributions up to 6%, resulting in contributions to the plan of $46,892.

## Note 8 - Contingencies

The Organization has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

## Note 9 - Participation of Joint Powers Authority

The Organization is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) dba CharterSAFE for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between The Organization and CharterSAFE is such that CharterSAFE is not considered a component unit of the Organization for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Organization are included in these statements.

During the year ended June 30, 2020, the Organization made payments of $40,835 to CharterSAFE for services received. At June 30, 2020, the Organization had no recorded accounts receivable or accounts payable to CharterSAFE.

## Note 10 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through January 6, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information
June 30, 2020

# Libertas College Preparatory Charter School

**ORGANIZATION**

Libertas College Preparatory Charter School (the Organization) (Charter School No. 1711) was granted on August 26, 2014, by the Los Angeles Unified School District and opened in July 2015. The Organization operates one school, grades fourth through eighth.

Governing Board

| Member | Office | Term Expires |
|---|---|---|
| Kara Maguire | Chair | September 2023 |
| Gregory Pope | Treasurer | May 2021 |
| Hilda Echeverria | Secretary | June 2022 |
| Stephanie Hurder | Member | May 2020 |
| Gary Olson | Member | May 2021 |
| Lacey Johnson | Member | January 2022 |
| Brandis Johnson | Member | June 2022 |
| Sarah Wechsler | Member | February 2023 |
| John Heintz | Member | February 2023 |
| Christen Chambers | Member | March 2023 |

Administration

| Name | Title |
|---|---|
| Anna Carlstone | Head of School |

| | Second Period Report B2B5BE87 | Annual Report ABAD7D47 |
|---|---|---|
| Regular ADA | | |
| Fourth through sixth | 150.32 | 150.32 |
| Seventh and eighth | 118.56 | 118.56 |
| Total regular ADA | 268.88 | 268.88 |
| | | |
| Classroom Based ADA | | |
| Fourth through sixth | 150.32 | 150.32 |
| Seventh and eighth | 118.56 | 118.56 |
| Total classroom based ADA | 268.88 | 268.88 |

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|
| Grades 4 - 8 | 54,000 | | | | |
| Grade 4 | | 69,115 | 185 | N/A | Complied |
| Grade 5 | | 68,935 | 185 | N/A | Complied |
| Grade 6 | | 68,395 | 185 | N/A | Complied |
| Grade 7 | | 68,215 | 185 | N/A | Complied |
| Grade 8 | | 68,215 | 185 | N/A | Complied |

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

## Note 1 - Purpose of Supplementary Schedules

### Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

### Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

### Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 54 days due to the pandemic. As a result, the Organization received credit for these days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

### Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports
June 30, 2020

# Libertas College Preparatory Charter School

**Independent Auditor's 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***

Governing Board
Libertas College Preparatory Charter School
Los Angeles, California

We have audited, in accordance with the 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 Libertas College Preparatory Charter School (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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.

Eide Bailly LLP

Rancho Cucamonga, California
January 6, 2021

**Independent Auditor's Report on State Compliance**

Governing Board
Libertas College Preparatory Charter School
Los Angeles, California

**Report on State Compliance**
We have audited Libertas College Preparatory Charter School (the Organization) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

**Management's Responsibility**
Management is responsible for compliance with the state laws and regulations as identified in the table below.

**Auditor's Responsibility**
Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the Organization's compliance.

**Compliance Requirements Tested**

In connection with the audit referred to above, we selected and tested transactions and records to determine the Organization's compliance with the State laws and regulations applicable to the following items:

| | Procedures Performed |
|---|---|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | No, see below |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | Procedures Performed |
|---|---|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because the Organization did not receive funding for this program.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The Organization does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

***Unmodified Opinion***

In our opinion, Libertas College Preparatory Charter School complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 6, 2021

**FINANCIAL STATEMENTS**

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Noncompliance material to financial statements noted? | No |

**STATE COMPLIANCE**

| | |
|---|---|
| Type of auditor's report issued on compliance for programs: | Unmodified |

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.