



# DA VINCI SCHOOLS

## AUDIT REPORT

FOR THE YEAR ENDED  
JUNE 30, 2020

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

Da Vinci Design (Charter No. 1081)  
Da Vinci Science (Charter No. 1060)  
Da Vinci Connect (Charter No. 1597)  
Da Vinci Communications (Charter No. 1689)

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Da Vinci Schools  
El Segundo, California

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

We have audited the accompanying financial statements of Da Vinci Schools (the "Organization") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 Da Vinci Schools as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, including the schedule 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also reissued our report dated March 8, 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.

*Christy White, Inc.*

San Diego, California  
March 8, 2021

**DA VINCI SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 5,158,604
Accounts receivable	5,926,951
Due from affiliates	909,435
Prepaid expenses	55,722
Deposits	5,750
Total current assets	<u>12,056,462</u>

Capital assets	
Property and equipment	2,175,590
Less accumulated depreciation	<u>(583,844)</u>
Capital assets, net	1,591,746
<b>Total Assets</b>	<u>\$ 13,648,208</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 1,729,941
Loans payable	<u>4,548,006</u>
Total liabilities	<u>6,277,947</u>

Net assets	
Without donor restrictions	6,324,293
With donor restrictions	<u>1,045,968</u>
Total net assets	<u>7,370,261</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,648,208</u>

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

**DA VINCI SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 14,874,504	\$ -	\$ 14,874,504
Federal revenues	867,216	-	867,216
Other state revenues	3,756,546	1,038,698	4,795,244
Total federal and state support and revenues	19,498,266	1,038,698	20,536,964
Local support and revenues			
Payments in lieu of property taxes	5,295,154	-	5,295,154
Grants and donations	857,155	200,000	1,057,155
Investment income, net	5,571	-	5,571
Other local revenues	1,199,440	-	1,199,440
Total local support and revenues	7,357,320	200,000	7,557,320
Donor restrictions satisfied	282,146	(282,146)	-
<b>Total Support and Revenues</b>	<b>27,137,732</b>	<b>956,552</b>	<b>28,094,284</b>
<b>EXPENSES</b>			
Program services			
Charter school operations	22,402,573	-	22,402,573
Supporting services			
Management and general	2,389,368	-	2,389,368
Fundraising	4,073	-	4,073
<b>Total Expenses</b>	<b>24,796,014</b>	<b>-</b>	<b>24,796,014</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,341,718</b>	<b>956,552</b>	<b>3,298,270</b>
<b>Net Assets - Beginning</b>	<b>3,982,575</b>	<b>89,416</b>	<b>4,071,991</b>
<b>Net Assets - Ending</b>	<b>\$ 6,324,293</b>	<b>\$ 1,045,968</b>	<b>\$ 7,370,261</b>

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

**DA VINCI SCHOOLS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program	Supporting Services		Total
	Services	Management	Fundraising	
	Charter School	and General		
	Operations			
<b>EXPENSES</b>				
Personnel expenses				
Certificated salaries	\$ 10,030,612	\$ 107,859	\$ -	\$ 10,138,471
Non-certificated salaries	1,726,689	1,383,056	-	3,109,745
Deferred compensation	2,684,006	253,835	-	2,937,841
Payroll taxes	490,432	49,353	-	539,785
Other employee benefits	1,356,184	153,123	-	1,509,307
Total personnel expenses	<u>16,287,923</u>	<u>1,947,226</u>	-	<u>18,235,149</u>
Non-personnel expenses				
Books and supplies	1,925,564	85,965	-	2,011,529
Insurance	176,575	23,050	-	199,625
Facilities	899,504	111,850	-	1,011,354
Professional services	2,363,677	159,373	4,073	2,527,123
Interest expense	26,512	3,386	-	29,898
Depreciation	88,520	11,277	-	99,797
Authorizer oversight fees	178,952	22,667	-	201,619
Other operating expenses	455,346	24,574	-	479,920
Total non-personnel expenses	<u>6,114,650</u>	<u>442,142</u>	<u>4,073</u>	<u>6,560,865</u>
<b>Total Expenses</b>	<u>\$ 22,402,573</u>	<u>\$ 2,389,368</u>	<u>\$ 4,073</u>	<u>\$ 24,796,014</u>

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



**DA VINCI SCHOOLS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 3,298,270
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	99,797
(Increase) decrease in operating assets	
Accounts receivable	(1,499,471)
Due from affiliates	(909,435)
Prepaid expenses	459,566
Deposits	(5,750)
Increase (decrease) in operating liabilities	
Accounts payable	(1,298,739)
Accrued interest expense	3,323
Deferred revenue	(153,384)
<b>Net cash provided by (used in) operating activities</b>	<u>(5,823)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(1,354,064)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(1,354,064)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from PPP loan	3,544,683
Proceeds from line of credit	<u>1,000,000</u>
<b>Net cash provided by (used in) financing activities</b>	<u>4,544,683</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,184,796
<b>Cash and cash equivalents - Beginning</b>	<u>1,973,808</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 5,158,604</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 26,575</u>

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

**DA VINCI SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Da Vinci Schools (the “Organization”), located in Los Angeles County, was formed as a nonprofit public benefit corporation in the State of California on September 10, 2008 under the name Wiseburn 21st Century Charter Schools. In March 2013, the Organization changed its name and began operating as Da Vinci Schools. The main purpose of the Organization is to manage public charter schools: Da Vinci Design, Da Vinci Science, Da Vinci Connect, and Da Vinci Communications; known collectively as the Da Vinci Schools or the “Charters”.

Da Vinci Science (formally called STEM Project Center) was approved by the State Board of Education on January 8, 2009 under California Charter No. 1081. Da Vinci Design was approved on May 7, 2009 under California Charter No. 1060. Classes began in August 2009 for Da Vinci Science and Da Vinci Design. Da Vinci Connect, (formally Da Vinci Innovation Academy), began its first year of operation in 2013-14 after approval on September 4, 2013 under California Charter No. 1597. In 2014-15, Da Vinci Communications began operations following approval on September 3, 2014 as California Charter No. 1689.

Wiseburn Unified School District (the “authorizing agency” or the “District”) is the authorizing agency for all four (4) active charter schools operated by the Organization. The Charters are authorized to instruct grades K-12. Da Vinci Science, Da Vinci Design, and Da Vinci Communications currently serve students in grades 9-12 and Da Vinci Connect offers nonclassroom-based instruction to grades K-8. Funding sources consist of state apportionments, grants and donations from the public.

The mission of Da Vinci Schools is to provide students with rigorous and relevant academic and workplace skills, preparing its graduates for rewarding lives in our increasingly technological society. The specific goals of the Charters are to successfully integrate technical and academic education into a school that prepares students for post-secondary education and for leadership in the high technology industry; to increase the number of underrepresented students in math and engineering who succeed in high school and post-secondary education and who become productive members and leaders in the South Bay and Los Angeles area high technology industry; and to provide all of the Charters’ students with an extraordinary education that prepares them to be thoughtful, engaging citizens in our increasingly technological society.

In November 2016, articles of incorporation were filed to establish a limited liability company under the name RISE Charter School, LLC (the “LLC”) whereby the Organization is the sole-member of the LLC. The purpose of the LLC was to operate RISE High, California Charter No. 1865, which closed effective September 1, 2018. As a sole-member LLC, the LLC is deemed a “disregarded entity” and its financial information, if any, would be consolidated with the Organization. The LLC ceased operations prior to July 1, 2019 and there was no financial activity that took place within the LLC, other than a transfer out of the final cash balance, during the year ended June 30, 2020.

**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.

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

**C. Financial Statement Presentation (continued)**

Under the Guide, Da Vinci Schools is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

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

As part of its 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.

**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. 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.

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

**F. Functional Expenses**

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

**G. Cash and Investments**

Da Vinci Schools considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**H. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2020, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**I. Capital Assets**

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

**J. 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.

**K. Income Taxes**

Da Vinci 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 a charitable corporation organized and operated primarily as an educational institution, 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.

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

**L. 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.

**M. New Accounting Pronouncements**

**Revenue Recognition**

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

**Leases**

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

**DA VINCI SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2020, consist of cash in banks of \$5,158,604 held in interest-bearing accounts.

**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. Da Vinci Schools does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2020, \$5,068,968 of the Organization’s bank balances were exposed to custodial credit risk as there were deposits over \$250,000 in accounts at one or more banks.

**Cash in County Treasury**

Da Vinci Schools was a voluntary participant in an external investment pool with the Los Angeles County Treasurer until February 2020 when it opted to remove all funds and close its account maintained by the County Treasurer. As of June 30, 2020, the Organization held no cash balance in the County Treasury.

**NOTE 3 – RECEIVABLES**

**Accounts Receivable**

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

Local control funding sources, state aid	\$ 634,615
Federal sources	469,879
Other state sources	2,296,295
Due from authorizing agency	2,461,429
Other local sources	64,733
<b>Total Accounts Receivable</b>	<b><u>\$ 5,926,951</u></b>

**Due from Affiliates**

Amounts due from affiliates as of June 30, 2020, consists of the following:

Da Vinci Schools: LA County	\$ 642,520
Da Vinci Schools Fund	266,915
<b>Total Due from Affiliates</b>	<b><u>\$ 909,435</u></b>

Refer to Note 9 for additional information amount due from affiliate.

**DA VINCI SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

**NOTE 4 – CAPITAL ASSETS**

Capital assets, net of accumulated depreciation, as of June 30, 2020 are as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2020</b>
Property and equipment				
Building improvements	\$ 53,331	\$ 1,247,470	\$ -	\$ 1,300,801
Furniture and equipment	768,195	86,728	-	854,923
Construction in progress	-	19,866	-	19,866
Total property and equipment	821,526	1,354,064	-	2,175,590
Less accumulated depreciation	(484,047)	(99,797)	-	(583,844)
<b>Capital Assets, net</b>	<b>\$ 337,479</b>	<b>\$ 1,254,267</b>	<b>\$ -</b>	<b>\$ 1,591,746</b>

The Organization purchased a total of \$1,354,064 in property and equipment that was recorded as additions to capital assets during the fiscal year ended June 30, 2020. Additionally, \$99,797 was recorded as depreciation expense.

**NOTE 5 – ACCOUNTS PAYABLE**

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

Accrued salaries and benefits	\$ 466,348
Due to authorizing agency	646,347
Due to grantor governments	95,268
Credit card payable	39,778
Vendor payables	482,200
<b>Total Accounts Payable</b>	<b>\$ 1,729,941</b>

**NOTE 6 – LOANS PAYABLE**

A summary of activity related to loans payable during the year ended June 30, 2020 consists of the following:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2019</b>	<b>Draws</b>	<b>Payments</b>	<b>June 30, 2020</b>
PPP loan	\$ -	\$ 3,548,006	\$ -	\$ 3,548,006
Line of credit	-	1,000,000	-	1,000,000
<b>Total Loans Payable</b>	<b>\$ -</b>	<b>\$ 4,548,006</b>	<b>\$ -</b>	<b>\$ 4,548,006</b>

**Paycheck Protection Program (PPP) Loan**

In May 2020, the Organization received loan proceeds in the amount of \$3,544,683 under the Paycheck Protection Program (PPP). The PPP, established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times their average monthly payroll expenses. The loan and accrued interest are forgivable after a certain short-term period as long as the entity uses the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1.00% with a deferral of payments for the initial six months. While the Organization believes that its use of the loan proceeds will likely meet the conditions of forgiveness, it is not yet assured that it will take actions that could cause the Organization to be ineligible for loan forgiveness, in whole or in part. The PPP loan balance amounted to \$3,548,006 as of June 30, 2020, which includes the original proceeds amount plus accrued interest of \$3,323.

**DA VINCI SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2020**

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**NOTE 6 – LOANS PAYABLE (continued)**

**Line of Credit**

In February 2020, the Organization entered into a promissory note with Banc of California for a line of credit up to \$1,500,000. The line of credit bears an interest rate of five percent and maturity date of February 10, 2021. During the year, the Organization withdrew \$1,000,000 to aid in cash flow. The outstanding balance on the line of credit at June 30, 2020 was \$1,000,000, which was subsequently repaid in full.

**NOTE 7 – NET ASSETS**

**Net Assets with Donor Restrictions**

As of June 30, 2020, the Organization’s net assets with donor restrictions consist of the following:

State: Career Technical Education Facilities (CTEF)	\$ 928,424
Local: Northrop/Cal Poly program	117,544
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 1,045,968</u></b>

**Net Assets without Donor Restrictions**

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2020, the Charter’s net assets without donor restrictions consist of the following:

Net investment in capital assets	\$ 1,591,746
Undesignated	4,732,547
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 6,324,293</u></b>

**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets as of June 30, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Da Vinci Schools maintains a line of credit (as mentioned in Note 6) which could be further drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial assets	
Cash and cash equivalents	\$ 5,158,604
Accounts receivable, current portion	5,926,951
Due from affiliates, current portion	909,435
Prepaid expenses	55,722
Deposits, current portion	5,750
Total Financial Assets, excluding noncurrent	<u>\$ 12,056,462</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(1,045,968)
Board designations	-
<b>Financial Assets available to meet cash needs</b>	
<b>  for expenditures within one year</b>	<b><u>\$ 11,010,494</u></b>



**NOTE 9 – RELATED PARTY TRANSACTIONS**

**Inter-Agency Activity**

**Intercompany Transactions**

Receivables and payables due between the separate operating units of the Organization are classified as due to/due from related entities within the Statement of Financial Position by Charter. Intercompany transactions and balances are eliminated in the financial statements by charter to better reflect the true activities of Da Vinci Schools as a whole.

**Sole Member LLC**

As mentioned in Note 1A, the Organization established RISE Charter School, LLC in November 2016 and serves as the sole member of the LLC. As such, any activity from the LLC would be included in consolidating financial statements. Due to final closure of the public charter school operated by RISE Charter School, LLC, a final audited financial statement for the period of July 1, 2018 to September 30, 2018 was prepared using the liquidation basis. All remaining assets were disbursed to Da Vinci Schools: LA County, an affiliate organization, prior to July 1, 2019. As of June 30, 2020, there were no account balances held under the LLC and therefore the financial statements are not presented as consolidated to include the LLC.

**Affiliate Organizations**

**Supporting Organization**

In January 2018, management and the Organization's board of trustees elected to establish the Da Vinci Schools Fund (the "Fund"). The Fund was incorporated as a domestic nonprofit for the purpose of providing assistance and support to Da Vinci Schools and its affiliated institutions and organizations. The Fund is governed by a separate governing board independent of the Organization with the exception of two (2) common board members. As of June 30, 2020, the Fund owed \$266,915 in donations to support the Organization. This amount is reported within due to affiliates on the statement of financial position and disclosed in Note 3.

**Da Vinci Schools: LA County**

In August 2018, management of the Organization established Da Vinci Schools: L.A. County for the purposes of operating a new public charter school, Da Vinci Rise High (Charter No. 2017) authorized by the Los Angeles County Office of Education. The school serves the same student population that was previously enrolled in RISE High. The affiliate organization is governed by a separate board of directors independent of the Organization's board.

During the fiscal year ended June 30, 2020, the affiliate organization was in its second year of operation and relied on Da Vinci Schools for financial and administrative support. During the year, the affiliate and the Organization held a memorandum of understanding for shared personnel, including management. At June 30, 2020, Da Vinci Schools: LA County owed \$642,520 to the Organization for personnel costs as well as other costs paid by Da Vinci Schools on behalf of the affiliate organization. This amount is within due to affiliates on the statement of financial position and disclosed in Note 3.

**Authorizing Agency**

The Organization made payments to the Wiseburn Unified School District to provide required services for oversight. Fees associated with oversight consist of one percent of revenue from local control funding formula sources. Total fees for oversight and facility usage and back-office support amounted to \$201,619 for the fiscal year ending June 30, 2020.

**DA VINCI SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**NOTE 9 – RELATED PARTY TRANSACTIONS (continued)**

**Authorizing Agency (continued)**

During the fiscal year ended June 30, 2020, the Organization held a memorandum of understanding (MOU) with the Wiseburn Unified School District for shared administrative staff. The agreement covers salaries and benefits for two employees who receive reportable compensation issued under the Wiseburn Unified School District though they provide partial compensated services to the Charters. In consideration for their services, the Organization reimburses the authorizing agency based on the actual salaries and benefits paid to the employees covered by the agreement. Additionally, the Organization pays the salary of one employee whose compensated services are to the Wiseburn Unified School District. In turn, the District reimburses the Organization for this employee’s time and effort.

Receivables and payables due between the Organization and the Wiseburn Unified School District are classified as due to/from authorizing agency within accounts receivable at Note 3 and accounts payable at Note 5.

**NOTE 10 – 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 for its certificated personnel. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS). The Organization also offers social security as an alternative plan to all employees who may not qualify for CalSTRS retirement plan.

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

**Plan Description**

Da Vinci Schools contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

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

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2019-20	\$ 1,673,507	100%
2018-19	\$ 2,874,267	100%
2017-18	\$ 1,335,978	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 Da Vinci Schools is estimated at \$1,264,334. The on-behalf payment amount is computed as the proportionate share of total 2018-19 State on-behalf contributions.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Charters' voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charters to make payments to the plan, which would approximate the Charters' proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Charters' share of withdrawal liability is approximately \$16,613,835 as of June 30, 2019. The Charters do not currently intend to withdraw from CalSTRS. Refer to Note 10 for additional information on employee retirement plans.

**Federal and State Grants**

Da Vinci Schools has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**Joint Powers Agency (JPA)**

During the year ended June 30, 2020, Da Vinci Schools participated in a joint venture with the CharterSafe, formerly operated as California Charter Schools Joint Powers Authority (CCSA). CharterSafe arranges for insurance coverage related to property, general liability, automobile, worker's compensation, and other miscellaneous liability coverage specific to operation of a charter school. The relationship between the Organization and the JPA is such that the JPA is not financially inter-related to the Organization for financial reporting purposes.

**Facilities Use Agreement**

The Organization has full and exclusive use of the District-owned facility located at 13500 Aviation Boulevard in Hawthorne, California, for operation of the Da Vinci Connect charter school. The facility is utilized by the Da Vinci Connect for instructional services in order to meet the educational goals established by the Organization. See Note 9 for total payments to the District as the authorizing agency.

**NOTE 12 – DONATED MATERIALS AND SERVICES**

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

**NOTE 13 – SUBSEQUENT EVENTS**

Da Vinci Schools has evaluated subsequent events for the period from June 30, 2020 through March 8, 2021, the date the financial statements were available to be issued. As a result of the coronavirus (COVID-19) outbreak, economic uncertainties have arisen which have modified and delayed governmental funding as well as impacted how the Charter operates its programs and activities for the future reporting periods.

At this time, management cannot predict the overall impact of the COVID-19 pandemic, but management continues to monitor the situation, to assess further possible implications to operations, and to take actions in an effort to mitigate adverse consequences. Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**DA VINCI SCHOOLS**  
**CHARTER ORGANIZATIONAL STRUCTURE**  
**JUNE 30, 2020**

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During 2019-20, Da Vinci Schools, a California non-profit public benefit corporation, operated four (4) public charter schools (the “Charters”). The Charters are located in Los Angeles County and are all sponsored by the Wiseburn Unified School District, the authorizing agency. Information on each of the Charters is as follows:

<u>Charter School</u>	<u>Classes Began</u>	<u>Grades Served</u>	<u>Charter Number</u>
Da Vinci Design	8/18/2009	9 - 12	1081
Da Vinci Science	8/17/2009	9 - 12	1060
Da Vinci Connect	8/19/2013	K - 8	1597
Da Vinci Communications	8/12/2014	9 - 12	1689

The Charters are governed by the following Board of Trustees of the Organization and managed by the following administration as of June 30, 2020:

**BOARD OF TRUSTEES**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Dr. Donald Brann	President	September 10, 2020
Ms. Jennifer Morgan	Secretary	June 25, 2022
Mr. Brian Meath	Treasurer	June 25, 2022
Ms. Karen Latuner	Trustee	July 16, 2021
Mr. Derrick Boston	Trustee	February 1, 2021

**ADMINISTRATION**

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Dr. Matthew Wunder  
*Chief Executive Officer*

Dr. Jennifer Hawn  
*Chief Operating Officer*

Mr. Vicente Bravo  
*Chief Administrative Officer*

Mr. Marshall Mayotte, CPA  
*Chief Financial Officer*  
*(Ending May 2020)*

Mr. Michael Amato, CPA  
*Chief Financial Officer*  
*(Beginning May 2020)*

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

<i>California Public Charter School</i>	<i>No. 1081</i>	<i>No. 1060</i>	<i>No. 1597</i>	<i>No. 1689</i>			<b>Organization</b>
	Da Vinci	Da Vinci	Da Vinci	Da Vinci	Charter	Intercompany	<b>Total</b>
	Design	Science	Connect	Communications	Management	Eliminations	
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,158,604	\$ -	\$ 5,158,604
Accounts receivable	1,637,621	1,458,069	1,618,661	1,177,522	35,078	-	5,926,951
Due from affiliates	112	1,612	50,000	292	857,419	-	909,435
Intercompany receivable	1,597,530	662,588	-	-	1,356,957	(3,617,075)	-
Prepaid expenses	3,342	2,070	2,337	1,614	46,359	-	55,722
Deposits	3,189	1,498	-	1,063	-	-	5,750
<b>Total current assets</b>	<b>3,241,794</b>	<b>2,125,837</b>	<b>1,670,998</b>	<b>1,180,491</b>	<b>7,454,417</b>	<b>(3,617,075)</b>	<b>12,056,462</b>
Capital assets							
Property and equipment	244,418	437,147	1,305,039	143,432	45,554	-	2,175,590
Less accumulated depreciation	(178,241)	(289,083)	(63,652)	(52,868)	-	-	(583,844)
Capital assets, net	66,177	148,064	1,241,387	90,564	45,554	-	1,591,746
<b>Total Assets</b>	<b>\$ 3,307,971</b>	<b>\$ 2,273,901</b>	<b>\$ 2,912,385</b>	<b>\$ 1,271,055</b>	<b>\$ 7,499,971</b>	<b>\$ (3,617,075)</b>	<b>\$ 13,648,208</b>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable	\$ 56,022	\$ 84,939	\$ 1,608	\$ 38,106	\$ 1,549,266	\$ -	\$ 1,729,941
Intercompany payable	-	-	1,577,711	636,665	1,402,699	(3,617,075)	-
Loans payable	-	-	-	-	4,548,006	-	4,548,006
<b>Total liabilities</b>	<b>56,022</b>	<b>84,939</b>	<b>1,579,319</b>	<b>674,771</b>	<b>7,499,971</b>	<b>(3,617,075)</b>	<b>6,277,947</b>
Net assets							
Without donor restrictions	3,008,304	1,787,788	1,333,066	195,135	-	-	6,324,293
With donor restrictions	243,645	401,174	-	401,149	-	-	1,045,968
<b>Total net assets</b>	<b>3,251,949</b>	<b>2,188,962</b>	<b>1,333,066</b>	<b>596,284</b>	<b>-</b>	<b>-</b>	<b>7,370,261</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,307,971</b>	<b>\$ 2,273,901</b>	<b>\$ 2,912,385</b>	<b>\$ 1,271,055</b>	<b>\$ 7,499,971</b>	<b>\$ (3,617,075)</b>	<b>\$ 13,648,208</b>

See accompanying notes to supplementary information.

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

<i>California Public Charter School</i>	<i>No. 1081</i>	<i>No. 1060</i>	<i>No. 1597</i>	<i>No. 1689</i>	<b>Organization</b>
	Da Vinci	Da Vinci	Da Vinci	Da Vinci	<b>Total</b>
	Design	Science	Connect	Communications	
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>SUPPORT AND REVENUES</b>					
Federal and state support and revenues					
Local control funding formula, state aid	\$ 4,518,261	\$ 4,292,939	\$ 2,404,989	\$ 3,658,315	\$ 14,874,504
Federal revenues	256,139	230,135	105,997	274,945	867,216
Other state revenues	680,346	1,381,853	1,077,012	617,335	3,756,546
Total federal and state support and revenues	<u>5,454,746</u>	<u>5,904,927</u>	<u>3,587,998</u>	<u>4,550,595</u>	<u>19,498,266</u>
Local support and revenues					
Payments in lieu of property taxes	1,514,116	1,466,780	1,083,010	1,231,248	5,295,154
Grants and donations	194,008	191,768	285,635	185,744	857,155
Investment income, net	47	5,453	32	39	5,571
Other local revenues	337,292	394,550	171,847	295,751	1,199,440
Total local support and revenues	<u>2,045,463</u>	<u>2,058,551</u>	<u>1,540,524</u>	<u>1,712,782</u>	<u>7,357,320</u>
Donor restrictions satisfied	112,243	166,685	1,639	1,579	282,146
<b>Total Support and Revenues</b>	<u>7,612,452</u>	<u>8,130,163</u>	<u>5,130,161</u>	<u>6,264,956</u>	<u>27,137,732</u>
<b>EXPENSES</b>					
Program services					
Charter school operations	6,063,390	7,096,226	3,649,871	5,593,086	22,402,573
Supporting services					
Management and general	624,438	632,524	509,951	622,455	2,389,368
Fundraising	983	665	2,201	224	4,073
<b>Total Expenses</b>	<u>6,688,811</u>	<u>7,729,415</u>	<u>4,162,023</u>	<u>6,215,765</u>	<u>24,796,014</u>
<b>Increase (decrease) in Net Assets without Donor Restrictions</b>	923,641	400,748	968,138	49,191	2,341,718
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Other state revenues	353,919	283,630	-	401,149	1,038,698
Grants and donations	-	200,000	-	-	200,000
Donor restrictions released	<u>(112,243)</u>	<u>(166,685)</u>	<u>(1,639)</u>	<u>(1,579)</u>	<u>(282,146)</u>
<b>Increase (decrease) in Net Assets with Donor Restrictions</b>	241,676	316,945	(1,639)	399,570	956,552
<b>CHANGE IN NET ASSETS</b>	1,165,317	717,693	966,499	448,761	3,298,270
<b>Net Assets - Beginning</b>	<u>2,086,632</u>	<u>1,471,269</u>	<u>366,567</u>	<u>147,523</u>	<u>4,071,991</u>
<b>Net Assets - Ending</b>	<u>\$ 3,251,949</u>	<u>\$ 2,188,962</u>	<u>\$ 1,333,066</u>	<u>\$ 596,284</u>	<u>\$ 7,370,261</u>

There was no activity for the Charter Management program nor any inter-agency eliminations to report for the year ended June 30, 2020.

**DA VINCI SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 225,797
Comprehensive Support and Improvement for LEAs	84.010	15438	76,425
Subtotal Title I, Part A			<u>302,222</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	44,568
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	30,000
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	309,446
<b>Total U. S. Department of Education</b>			<u>686,236</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	1,025
School Breakfast Program - Needy	10.553	13526	11,781
National School Lunch Program	10.555	13391	159,829
COVID-19 Emergency Acts Funding - Unanticipated School Closures	10.555	*	8,345
Subtotal Child Nutrition Cluster			<u>180,980</u>
<b>Total U. S. Department of Agriculture</b>			<u>180,980</u>
<b>Total Federal Expenditures</b>			<u>\$ 867,216</u>

See accompanying notes to supplementary information.



**DA VINCI SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

		<b>Second Period Report</b>		<b>Annual Report</b>	
		<b>Classroom- Based</b>	<b>Nonclassroom- Based</b>	<b>Classroom- Based</b>	<b>Nonclassroom- Based</b>
<b>Da Vinci Design</b>					
	<i>Certificate No.</i>	<i>734DFF61</i>		<i>3EDAA295</i>	
Regular					
Grades 9 - 12		520.06	56.04	520.06	56.04
Special education					
Grades 9 - 12		1.08	-	1.08	-
<b>Total Average Daily Attendance</b>		<b>521.14</b>	<b>56.04</b>	<b>521.14</b>	<b>56.04</b>
<b>Da Vinci Science</b>					
	<i>Certificate No.</i>	<i>908F0D44</i>		<i>C28FDA0C</i>	
Regular					
Grades 9 - 12		530.41	28.26	530.41	28.26
<b>Total Average Daily Attendance</b>		<b>530.41</b>	<b>28.26</b>	<b>530.41</b>	<b>28.26</b>
<b>Da Vinci Communications</b>					
	<i>Certificate No.</i>	<i>70CC9194</i>		<i>310833EC</i>	
Regular					
Grades 9 - 12		445.64	22.14	445.64	22.14
Special education					
Grades 9 - 12		1.21	-	1.21	-
<b>Total Average Daily Attendance</b>		<b>446.85</b>	<b>22.14</b>	<b>446.85</b>	<b>22.14</b>
<b>Da Vinci Connect</b>					
	<i>Certificate No.</i>	<i>2C2221D6</i>		<i>212987F1</i>	
Regular					
Grades K - 3		-	196.10	-	196.10
Grades 4 - 6		-	134.46	-	134.46
Grades 7 - 8		-	81.93	-	81.93
<b>Total Average Daily Attendance</b>		<b>-</b>	<b>412.49</b>	<b>-</b>	<b>412.49</b>

See accompanying notes to supplementary information.

**DA VINCI SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2020**

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<b>Charter School / Grade Span</b>	<b>Minutes Requirement</b>	<b>2019-20 Actual Instructional Minutes*</b>	<b>2019-20 Planned Number of Days</b>	<b>2019-20 Actual Number of Days</b>	<b>Number of Days Certified Closed Due to COVID-19</b>	<b>Status</b>
<b>Da Vinci Design</b> Grades 9 through 12	64,800	64,935	176	120	56	Complied
<b>Da Vinci Science</b> Grades 9 through 12	64,800	66,350	176	120	56	Complied
<b>Da Vinci Communications</b> Grades 9 through 12	64,800	64,830	176	120	56	Complied

Da Vinci Connect did not report regular ADA for classroom-based instruction; therefore, there are no instructional minutes listed for this charter school.

*\*The planned minutes covered by the COVID-19 School Closure Certification were included in the actual minutes column but were not actually offered due to the COVID-19 school closure. The following COVID-19 School Closure Certifications were filed:*

*On July 7, 2020, the Organization certified that Da Vinci Communications was closed from March 16, 2020 to June 10, 2020 for a total of 56 instructional days closed due to COVID-19.*

*On August 27, 2020, the Organization certified that Da Vinci Design and Da Vinci Science were closed from March 16, 2020 to June 10, 2020 for a total of 56 instructional days closed due to COVID-19.*

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

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<i>California Public Charter School</i>	<u>No. 1081</u>	<u>No. 1060</u>
	Da Vinci Design	Da Vinci Science
June 30, 2020, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 3,192,465</u>	<u>\$ 2,126,292</u>
Adjustments:		
Increase (decrease) in total net assets:		
Write-off of accrued expenses	<u>59,484</u>	<u>62,670</u>
Net adjustments	<u>59,484</u>	<u>62,670</u>
June 30, 2020, net assets per audited financial statements	<u>\$ 3,251,949</u>	<u>\$ 2,188,962</u>

There were no adjustments to reconcile fund balance 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, 2020 for Da Vinci Connect (Charter No. 1597) and Da Vinci Communications (Charter No. 1689).

**NOTE 1 – PURPOSE OF SCHEDULES**

**A. Charter Organizational Structure**

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

**B. Financial Statements by Charter**

Statements of financial position and activities by charter provide information supporting the amounts for each public charter school and other programs under the Organization. The statements include financial information for each California public charter schools operated under Da Vinci Schools

**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. Schedule of Average Daily Attendance**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**E. Schedule of Instructional Time**

Da Vinci Schools receives, as part of their local control funding formula sources, incentive funding for maintaining instructional time. This schedule presents information on the amount of instructional time offered by the Charters and whether each charter school complied with the provisions of *Education Code Section 46200* through *46208*.

**F. Reconciliation of Financial Report – Alternative Form with Audited Financial Statements**

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

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Trustees of  
Da Vinci Schools  
El Segundo, 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 Da Vinci Schools (the "Organization") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated March 8, 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 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.

*Christy White, Inc.*

San Diego, California  
March 8, 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 Trustees of  
Da Vinci Schools  
El Segundo, California

**Report on Compliance for Each Major Federal Program**

We have audited Da Vinci 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 Da Vinci Schools' major federal programs for the year ended June 30, 2020. Da Vinci 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 Da Vinci 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 Da Vinci Schools's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Da Vinci Schools' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Da Vinci 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, 2020.



## **Report on Internal Control Over Compliance**

Management of Da Vinci 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 Da Vinci 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 Da Vinci 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.

*Christy White, Inc.*

San Diego, California  
March 8, 2021

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

To the Board of Trustees of  
Da Vinci Schools  
El Segundo, California

**Report on State Compliance**

We have audited Da Vinci Schools' compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Da Vinci Schools' state programs for the fiscal year ended June 30, 2020, as identified below. Reference to Da Vinci Schools within this letter is inclusive of Da Vinci Design (No. 1081), Da Vinci Science (No. 1060), Da Vinci Connect (No. 1597), and Da Vinci Communications (No. 1689).

**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 Da Vinci Schools' state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Da Vinci 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 Da Vinci Schools' compliance with those requirements.

**Opinion on State Compliance**

In our opinion, Da Vinci Schools complied, in all material respects, with the types of compliance requirements referred to above that are applicable to all other state programs noted in the following table for the year ended June 30, 2020.

**Procedures Performed**

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

Description	California Public Charter School		
	No. 1081 & 1060	No. 1689	No. 1597
	Da Vinci Design & Da Vinci Science	Da Vinci Communications High	Da Vinci Connect
<b>School Districts, County Offices of Education, and Charter Schools</b>			
California Clean Energy Jobs Act	Yes	Not applicable	Not applicable
After/Before School Education and Safety Program	Not applicable	Not applicable	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes	Yes	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes	Yes
Local Control and Accountability Plan	Yes	Yes	Yes
Independent Study – Course Based	Not applicable	Not applicable	Not applicable
<b>Charter Schools</b>			
Attendance	Yes	Yes	Yes
Mode of Instruction	Yes	Yes	Not applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes	Yes	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable	Not applicable	Yes
Annual Instructional Minutes – Classroom Based	Yes	Yes	Not applicable
Charter School Facility Grant Program	Not applicable	Not applicable	Not applicable

*Christy White, Inc.*

San Diego, California  
 March 8, 2021

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# **FINDINGS AND QUESTIONED COSTS**

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**DA VINCI SCHOOLS  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>None</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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>84.027</u>	<u>Special Education: IDEA</u>

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>

**DA VINCI SCHOOLS  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

*There were no audit findings related to the financial statements during 2019-20.*

**DA VINCI SCHOOLS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

*There were no audit findings and questioned costs related to federal awards during 2019-20.*

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

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

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

*There were no audit findings and questioned costs related to state awards during 2019-20.*



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

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