



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

**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

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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 January 21, 2022, 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
January 21, 2022

DA VINCI SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 5,194,520
Accounts receivable	7,991,422
Due from affiliate	514,580
Prepaid expenses	<u>70,663</u>
Total current assets	<u>13,771,185</u>

Noncurrent assets	
Deposits	5,750
Capital assets, net	<u>2,188,785</u>
Total noncurrent assets	<u>2,194,535</u>
Total Assets	<u>\$ 15,965,720</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 1,570,472
Deferred revenue	<u>1,886,258</u>
Total liabilities	<u>3,456,730</u>

Net assets	
Without donor restrictions	12,043,566
With donor restrictions	<u>465,424</u>
Total net assets	<u>12,508,990</u>
Total Liabilities and Net Assets	<u>\$ 15,965,720</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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 15,087,191	\$ -	\$ 15,087,191
Federal revenues	5,530,201	-	5,530,201
Other state revenues	3,530,333	-	3,530,333
Total federal and state support and revenues	<u>24,147,725</u>	-	<u>24,147,725</u>
Local support and revenues			
Payments in lieu of property taxes	6,184,787	-	6,184,787
Grants and donations	521,986	14,149	536,135
Investment income, net	14,130	-	14,130
Charter management fees	208,544	-	208,544
Other local revenues	444,725	-	444,725
Total local support and revenues	<u>7,374,172</u>	<u>14,149</u>	<u>7,388,321</u>
Donor restrictions satisfied	594,693	(594,693)	-
Total Support and Revenues	<u>32,116,590</u>	<u>(580,544)</u>	<u>31,536,046</u>
EXPENSES			
Program services			
Charter school operations	23,868,235	-	23,868,235
Supporting services			
Management and general	2,529,082	-	2,529,082
Total Expenses	<u>26,397,317</u>	-	<u>26,397,317</u>
CHANGE IN NET ASSETS	5,719,273	(580,544)	5,138,729
Net Assets - Beginning	<u>6,324,293</u>	<u>1,045,968</u>	<u>7,370,261</u>
Net Assets - Ending	<u>\$ 12,043,566</u>	<u>\$ 465,424</u>	<u>\$ 12,508,990</u>

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, 2021

	Program Services	Supporting Services	
	Charter School Operations	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 11,273,155	\$ 295,041	\$ 11,568,196
Non-certificated salaries	1,859,499	1,380,461	3,239,960
Pension contributions	2,819,881	155,732	2,975,613
Payroll taxes	539,215	59,265	598,480
Other employee benefits	1,226,810	186,162	1,412,972
Total personnel expenses	<u>17,718,560</u>	<u>2,076,661</u>	<u>19,795,221</u>
Non-personnel expenses			
Books and supplies	2,042,802	65,449	2,108,251
Insurance	284,319	33,906	318,225
Facilities	932,183	98,449	1,030,632
Professional services	2,245,568	185,194	2,430,762
Interest expense	16,584	1,488	18,072
Depreciation	107,011	15,059	122,070
Authorizer oversight fees	193,971	16,867	210,838
Other operating expenses	327,237	36,009	363,246
Total non-personnel expenses	<u>6,149,675</u>	<u>452,421</u>	<u>6,602,096</u>
Total Expenses	<u>\$ 23,868,235</u>	<u>\$ 2,529,082</u>	<u>\$ 26,397,317</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 5,138,729
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	122,070
(Increase) decrease in operating assets	
Accounts receivable	(2,064,471)
Due from affiliates	394,855
Prepaid expenses	(14,941)
Increase (decrease) in operating liabilities	
Accounts payable	(159,469)
Deferred revenue	1,886,258
Net cash provided by (used in) operating activities	<u>5,303,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	<u>(719,109)</u>
Net cash provided by (used in) investing activities	<u>(719,109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgiveness of PPP loan	(3,548,006)
Payments on line of credit	<u>(1,000,000)</u>
Net cash provided by (used in) financing activities	<u>(4,548,006)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	35,916
Cash and cash equivalents - Beginning	<u>5,158,604</u>
Cash and cash equivalents - Ending	<u>\$ 5,194,520</u>
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	<u>\$ 18,072</u>

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

**DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 numbered by the State Board of Education on January 8, 2009 under California Charter No. 1081. Da Vinci Design was numbered 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 being numbered on September 4, 2013 under California Charter No. 1597. In 2014-15, Da Vinci Communications began operations following its numbering 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-12. Current charter petitions held with the District for each of the charter schools cover a five-year term ending June 30, 2023. 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.

B. Basis of Accounting

The Organization’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018. Under the Guide, 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Financial Statement Presentation (continued)

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. Functional Expenses

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

F. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as “net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

G. Cash and Cash Equivalents

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Investments

The Organization’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

I. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2021, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

J. 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.

K. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

L. In Lieu of Property Tax Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Da Vinci Schools. Revenues are recognized by the Organization when earned.

M. 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)

N. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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. 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.

O. New Accounting Pronouncement

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. The Organization will determine the impact on the financial statements once required to implement in the 2022-23 fiscal year.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021, consists of cash in banks of \$5,194,520 held in interest-bearing accounts. As of June 30, 2021, \$5,180,433 of the Organization’s bank balance was held in an Insured Cash Sweep (ICS) account to mitigate any impact of 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. The FDIC insures up to \$250,000 per depositor per insured bank.

NOTE 3 – RECEIVABLES

Accounts Receivable

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

Local control funding sources, state aid	\$ 4,707,565
Federal sources	464,230
Other state sources	917,722
Due from authorizing agency	1,544,753
Other local sources	357,152
Total Accounts Receivable	<u>\$ 7,991,422</u>

DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 3 – RECEIVABLES (continued)

Due from Affiliate

Amounts due from affiliate as of June 30, 2021, consists of \$514,580 due from Da Vinci Schools: LA County. Refer to Note 9 for additional information about the amount due from affiliate.

NOTE 4 – CAPITAL ASSETS

Capital assets, net of accumulated depreciation, as of June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Property and equipment				
Building improvements	\$ 1,300,801	\$ 269,180	\$ -	\$ 1,569,981
Furniture and equipment	854,923	449,929	-	1,304,852
Construction in progress	19,866	-	-	19,866
Total property and equipment	<u>2,175,590</u>	<u>719,109</u>	<u>-</u>	<u>2,894,699</u>
Less accumulated depreciation	(583,844)	(122,070)	-	(705,914)
Capital Assets, net	<u>\$ 1,591,746</u>	<u>\$ 597,039</u>	<u>\$ -</u>	<u>\$ 2,188,785</u>

The Organization purchased a total of \$719,109 in property and equipment that was recorded as additions to capital assets during the fiscal year ended June 30, 2021. Additionally, \$122,070 was recorded as depreciation expense.

NOTE 5 – ACCOUNTS PAYABLE

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

Accrued salaries and benefits	\$ 372,203
Due to authorizing agency	335,018
Due to grantor governments	138,085
Credit card payable	22,675
Vendor payables	702,491
Total Accounts Payable	<u>\$ 1,570,472</u>

NOTE 6 – DEFERRED REVENUE

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

Federal sources	
Elementary and secondary school emergency relief (ESSER)	\$ 88,235
State sources	
Expanded learning opportunities (ELO)	652,845
In-person instruction (IPI)	282,848
K-12 strong workforce program (SWP)	533,245
Career technical education incentive grant (CTEIG)	129,085
Local sources	
Northrop Grumman Foundation	200,000
Total Deferred Revenue	<u>\$ 1,886,258</u>

DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 7 – NET ASSETS

Net Assets with Donor Restrictions

As of June 30, 2021, the Organization’s net assets with donor restrictions consist of the following:

State: Career Technical Education Facilities (CTEF)	\$	451,275
Local: Northrop/Cal Poly program		14,149
Total Net Assets with Donor Restrictions	\$	465,424

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, 2021, the Charter’s net assets without donor restrictions consist of the following:

Net investment in capital assets	\$	2,188,785
Board designations		
Deferred maintenance		545,743
Undesignated		9,309,038
Total Net Assets without Donor Restrictions	\$	12,043,566

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Da Vinci Schools maintains a line of credit (as mentioned in Note 13) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial assets		
Cash and cash equivalents	\$	5,194,520
Accounts receivable		7,991,422
Due from affiliates		514,580
Prepaid expenses		70,663
Total Financial Assets, excluding noncurrent		13,771,185
Contractual or donor-imposed restrictions		
Cash restricted by others for specific uses		(465,424)
Board designations		(545,743)
Financial Assets available to meet cash needs		
 for expenditures within one year	\$	12,760,018

NOTE 9 – RELATED PARTY TRANSACTIONS

Inter-Agency Activity

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.

**DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 9 – RELATED PARTY TRANSACTIONS (continued)

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. During the year ended June 30, 2021, the Fund paid \$266,915 to the Organization attributed to a prior amount due from this affiliate. At June 30, 2021, no balances were due to or from the Fund.

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, a prior LLC established by the Organization that has since dissolved. The affiliate organization is governed by a separate board of directors independent of the Organization's board, except for one common board member.

The affiliate and the Organization hold a memorandum of understanding for shared personnel, including management. During the fiscal year ended June 30, 2021, the Organization earned \$208,544 in management fee revenue for providing financial and administrative support to this affiliate. At June 30, 2021, Da Vinci Schools: LA County owed \$514,580 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 affiliate 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. The Organization also holds a facility use agreement with the District (see Note 13). Total fees for oversight and facility usage amounted to \$210,838 for the fiscal year ending June 30, 2021.

During the fiscal year ended June 30, 2021, 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 – DONATED 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.

DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PAYCHECK PROTECTION PROGRAM (PPP)

In May 2020, the Organization received a loan in the amount of \$3,544,683 under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). 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. Under the terms of the PPP, the full loan and any accrued interest may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization applied for forgiveness with the lender and received full forgiveness from the SBA. The amount of loan forgiveness is presented as a component of federal support and revenues on the statement of activities.

NOTE 12 – 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 2020-21 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2020-21	\$ 1,843,834	100%
2019-20	\$ 1,673,507	100%
2018-19	\$ 2,874,267	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 \$1,131,779. The on-behalf payment amount is computed as the proportionate share of total 2019-20 State on-behalf contributions.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, the schools operated by Da Vinci Schools are approved to operate as a public charter schools through authorization by the Wiseburn Unified School District. As such, the Organization's charter schools are subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

Governmental Funds

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.

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 \$19,399,940 as of June 30, 2020. The Charters do not currently intend to withdraw from CalSTRS. Refer to Note 12 for additional information on employee retirement plans.

Joint Powers Agency (JPA)

During the year ended June 30, 2021, Da Vinci Schools participated in a joint venture with the CharterSafe. 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. There were no significant outstanding insurance claims during the fiscal year.

Facilities Use Agreement

The Organization has full and exclusive use of the District-owned facility located at 12501 Isis Avenue 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.

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. In May 2021, the terms of the agreement were changed to increase the amount to \$2,500,000 and extend the maturity date. The line of credit bears an interest rate of 4.75% with a maturity date of May 10, 2022. During the year, the Organization repaid \$1,000,000 that had been withdrawn in the prior year to aid in cash flow. There was no outstanding balance on the line of credit at June 30, 2021.

Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization at June 30, 2021.

DA VINCI SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 14 – SUBSEQUENT EVENTS

Da Vinci Schools has evaluated subsequent events for the period from June 30, 2021 through January 21, 2022, the date the financial statements were available to be issued.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the new term expiration date to the charter petitions mentioned in Note 1A is June 30, 2025.

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

SUPPLEMENTARY INFORMATION

DA VINCI SCHOOLS
LEA ORGANIZATION STRUCTURE
JUNE 30, 2021

During 2020-21, 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:

Charter School	Classes Began	Grades Served	Charter Number
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 - 12	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, 2021:

BOARD OF TRUSTEES

Name	Office	Term Expiration
Dr. Donald Brann	President	September 9, 2023
Ms. Jennifer Morgan	Vice President & Secretary	June 25, 2022
Mr. Brian Meath	Treasurer	June 25, 2022
Mr. Derrick Boston	Trustee	September 9, 2023
Dr. Jo Webber	Trustee	July 16, 2024
Mr. Raynaldo Santiago	Trustee	February 1, 2024
Mr. Raul Ochoa	Trustee	January 23, 2024

ADMINISTRATION

Dr. Matthew Wunder <i>Chief Executive Officer</i>		
Mr. Vicente Bravo <i>Chief Administrative Officer</i>	Dr. Jennifer Hawn <i>Chief Operating Officer</i>	Mr. Michael Amato, CPA <i>Chief Financial Officer</i>

DA VINCI SCHOOLS
STATEMENT OF FINANCIAL POSITION BY CHARTER
JUNE 30, 2021

<i>California Public Charter School</i>	<i>No. 1081</i>	<i>No. 1060</i>	<i>No. 1597</i>	<i>No. 1689</i>			
	Da Vinci Design	Da Vinci Science	Da Vinci Connect	Da Vinci Communications	Charter Mgmt & Other Programs	Intercompany Eliminations	Organization Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,194,520	\$ -	\$ 5,194,520
Accounts receivable	2,133,305	1,935,934	1,259,272	2,451,317	211,594	-	7,991,422
Due from affiliate	-	-	-	-	514,580	-	514,580
Intercompany receivable	3,787,343	2,197,886	-	-	486,235	(6,471,464)	-
Prepaid expenses	7,364	7,119	38,842	9,388	7,950	-	70,663
Total current assets	5,928,012	4,140,939	1,298,114	2,460,705	6,414,879	(6,471,464)	13,771,185
Noncurrent assets							
Deposits	-	-	-	-	5,750	-	5,750
Capital assets, net	126,708	243,417	1,250,763	463,611	104,286	-	2,188,785
Total noncurrent assets	126,708	243,417	1,250,763	463,611	110,036	-	2,194,535
Total Assets	\$ 6,054,720	\$ 4,384,356	\$ 2,548,877	\$ 2,924,316	\$ 6,524,915	\$ (6,471,464)	\$ 15,965,720
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 145,517	\$ 128,541	\$ 151,815	\$ 90,333	\$ 1,054,266	\$ -	\$ 1,570,472
Intercompany payable	-	-	833,015	167,800	5,470,649	(6,471,464)	-
Deferred revenue	684,942	634,150	126,597	440,569	-	-	1,886,258
Total liabilities	830,459	762,691	1,111,427	698,702	6,524,915	(6,471,464)	3,456,730
Net assets							
Without donor restrictions	4,980,616	3,399,886	1,437,450	2,225,614	-	-	12,043,566
With donor restrictions	243,645	221,779	-	-	-	-	465,424
Total net assets	5,224,261	3,621,665	1,437,450	2,225,614	-	-	12,508,990
Total Liabilities and Net Assets	\$ 6,054,720	\$ 4,384,356	\$ 2,548,877	\$ 2,924,316	\$ 6,524,915	\$ (6,471,464)	\$ 15,965,720

See accompanying notes to the supplementary information.

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

<i>California Public Charter School</i>	<i>No. 1081</i>	<i>No. 1060</i>	<i>No. 1597</i>	<i>No. 1689</i>			
	Da Vinci	Da Vinci	Da Vinci	Da Vinci	Charter Mgmt	Intercompany	Organization
	Design	Science	Connect	Communications	& Other Programs	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS							
SUPPORT AND REVENUES							
Federal and state support and revenues							
Local control funding formula, state aid	\$ 4,417,527	\$ 4,124,720	\$ 2,347,732	\$ 4,197,212	\$ -	\$ -	\$ 15,087,191
Federal revenues	1,522,867	1,470,584	1,039,803	1,496,947	-	-	5,530,201
Other state revenues	979,833	945,512	624,462	887,193	93,333	-	3,530,333
Total federal and state support and revenues	<u>6,920,227</u>	<u>6,540,816</u>	<u>4,011,997</u>	<u>6,581,352</u>	<u>93,333</u>	<u>-</u>	<u>24,147,725</u>
Local support and revenues							
Payments in lieu of property taxes	1,697,175	1,642,747	1,212,910	1,631,955	-	-	6,184,787
Grants and donations	15,714	76,360	238,444	87,588	103,880	-	521,986
Investment income, net	3,588	3,763	2,431	4,348	-	-	14,130
Charter management fees	-	-	-	-	3,128,855	(2,920,311)	208,544
Other local revenues	21,895	37,443	10,501	18,970	735,274	(379,358)	444,725
Total local support and revenues	<u>1,738,372</u>	<u>1,760,313</u>	<u>1,464,286</u>	<u>1,742,861</u>	<u>3,968,009</u>	<u>(3,299,669)</u>	<u>7,374,172</u>
Donor restrictions satisfied	-	193,544	-	401,149	-	-	594,693
Total Support and Revenues	<u>8,658,599</u>	<u>8,494,673</u>	<u>5,476,283</u>	<u>8,725,362</u>	<u>4,061,342</u>	<u>(3,299,669)</u>	<u>32,116,590</u>
EXPENSES							
Program services							
Charter school operations	6,270,824	6,461,090	4,934,792	6,265,115	2,972,109	(3,035,695)	23,868,235
Supporting services							
Management and general	415,463	421,485	437,107	429,768	1,089,233	(263,974)	2,529,082
Total Expenses	<u>6,686,287</u>	<u>6,882,575</u>	<u>5,371,899</u>	<u>6,694,883</u>	<u>4,061,342</u>	<u>(3,299,669)</u>	<u>26,397,317</u>
Increase (decrease) in Net Assets without Donor Restrictions	1,972,312	1,612,098	104,384	2,030,479	-	-	5,719,273
NET ASSETS WITH DONOR RESTRICTIONS							
Grants and donations	-	14,149	-	-	-	-	14,149
Donor restrictions released	-	(193,544)	-	(401,149)	-	-	(594,693)
Increase (decrease) in Net Assets with Donor Restrictions	-	(179,395)	-	(401,149)	-	-	(580,544)
CHANGE IN NET ASSETS	1,972,312	1,432,703	104,384	1,629,330	-	-	5,138,729
Net Assets - Beginning	<u>3,251,949</u>	<u>2,188,962</u>	<u>1,333,066</u>	<u>596,284</u>	<u>-</u>	<u>-</u>	<u>7,370,261</u>
Net Assets - Ending	<u>\$ 5,224,261</u>	<u>\$ 3,621,665</u>	<u>\$ 1,437,450</u>	<u>\$ 2,225,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,508,990</u>

See accompanying notes to the supplementary information.

**DA VINCI SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 278,942
Comprehensive Support and Improvement for LEAs	84.010	15438	98,120
Subtotal Title I, Part A			<u>377,062</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	49,586
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	40,000
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	293,766
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	105,828
Subtotal Special Education Cluster			<u>399,594</u>
COVID-19 Emergency Acts/Education Stabilization Fund Discretionary Grants: [1]			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	79,583
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	215,274
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	32
Subtotal Education Stabilization Fund Discretionary Grants			<u>294,889</u>
Total U. S. Department of Education			<u>1,161,131</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	673
School Breakfast Program - Needy	10.553	13526	13,400
National School Lunch Program	10.555	13391	26,662
Subtotal Child Nutrition Cluster			<u>40,735</u>
Total U. S. Department of Agriculture			<u>40,735</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	783,652
Total U. S. Department of the Treasury			<u>783,652</u>
Total Federal Expenditures			<u>\$ 1,985,518</u>

[1] - Major Program

See accompanying notes to the supplementary information.

**DA VINCI SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Charter School / Grade Span	2020-21 Number of Days	Status
Da Vinci Design (Charter No. 1060) Grades 9 through 12	175	Complied
Da Vinci Science (Charter No. 1081) Grades 9 through 12	175	Complied
Da Vinci Connect (Charter No. 1597) Kindergarten	179	Complied
Grades 1 through 3	179	Complied
Grades 4 through 8	179	Complied
Grades 9 through 12	179	Complied
Da Vinci Communications (Charter No. 1689) Grades 9 through 12	175	Complied

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

<i>California Public Charter School</i>	<u>No. 1081</u>	<u>No. 1060</u>	<u>No. 1689</u>
	Da Vinci Design	Da Vinci Science	Da Vinci Communications
June 30, 2021, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	\$ 5,547,692	\$ 3,726,572	\$ 2,330,521
Adjustments:			
Increase (decrease) in total net assets:			
Reclass unspent other state revenue to deferred revenue	(323,431)	(104,907)	(104,907)
June 30, 2021, net assets per audited financial statements	\$ 5,224,261	\$ 3,621,665	\$ 2,225,614

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 end ended June 30, 2021 for Da Vinci Connect (Charter No. 1597).

**DA VINCI SCHOOLS
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

A. LEA Organization Structure

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

B. Financial Statements by Charter

The financial statements by charter, which include the statements of financial position and activities by charter provide information supporting the amounts 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.

The following schedule provides a reconciliation between revenues reported on the statement of activities and the related expenditures reported on the schedule of expenditures of federal awards. The reconciling amounts represent federal funds that have been recorded as revenues in the current year but were fully expended in the prior year.

	<u>AL Number</u>	<u>Amount</u>
Total Federal Revenues reported in the Statement of Activities		\$ 5,530,201
SBA: Paycheck Protection Program (PPP)	59.073	<u>(3,544,683)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 1,985,518</u>

D. Schedule of Instructional Time

This schedule presents information on the number of instructional days offered per grade level by the Charters and whether each charter school complied with the provisions of *Education Code Section 47612*.

E. 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.

OTHER INDEPENDENT AUDITORS' REPORTS

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

To the Board of 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, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 21, 2022.

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
January 21, 2022

**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, 2021. 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' 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, 2021.

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
January 21, 2022

REPORT ON STATE COMPLIANCEIndependent 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Da Vinci Schools' state programs for the fiscal year ended June 30, 2021, 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 audit requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about 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, 2021.

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 Da Vinci Design & Da Vinci Science	No. 1689 Da Vinci Communications	No. 1597 Da Vinci Connect
	Procedures Performed		
Local Education Agencies			
Attendance and Distance Learning	Yes	Yes	Not applicable
Teacher Certification and Misassignments	Not applicable	Not applicable	Not applicable
Kindergarten Continuance	Not applicable	Not applicable	Not applicable
Instructional Time	Yes	Yes	Not applicable
Instructional Materials	Not applicable	Not applicable	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable	Not applicable	Not applicable
Classroom Teacher Salaries	Not applicable	Not applicable	Not applicable
Early Retirement Incentive	Not applicable	Not applicable	Not applicable
GANN Limit Calculation	Not applicable	Not applicable	Not applicable
School Accountability Report Card	Not applicable	Not applicable	Not applicable
K-3 Grade Span Adjustment	Not applicable	Not applicable	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable	Not applicable	Not applicable
Comprehensive School Safety Plan	Not applicable	Not applicable	Not applicable
District of Choice	Not applicable	Not applicable	Not applicable
School Districts, County Offices of Education, and Charter Schools			
California Clean Energy Jobs Act	Yes	Not applicable	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes	Yes	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes	Yes
Charter Schools			
Independent Study – Course Based	Not applicable	Not applicable	Not applicable
Attendance	Yes	Yes	Yes
Mode of Instruction	Yes	Yes	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable	Not applicable	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable	Not applicable	Yes
Charter School Facility Grant Program	Not applicable	Not applicable	Not applicable

Christy White, Inc.

San Diego, California
January 21, 2022

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**DA VINCI SCHOOLS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>
<u>84.425C & 84.425D</u>	<u>Education Stabilization Fund (ESF) Discretionary Grants</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, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no audit findings related to the financial statements during 2020-21.

**DA VINCI SCHOOLS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no audit findings and questioned costs related to federal awards during 2020-21.

**DA VINCI SCHOOLS
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

There were no audit findings and questioned costs related to state awards during 2020-21.

**DA VINCI SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings and questioned costs during 2019-20.