



Albert Einstein
Academies
Charters

Charters #0448, 0773

Audit Report

June 30, 2021



Albert Einstein Academies
Financial Statements and Supplemental Information
Year Ended June 30, 2021

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Independent Auditor's Report

To the Board of Directors of
Albert Einstein Academies

Report on the Financial Statements

We have audited the accompanying financial statements of Albert Einstein Academies (the Schools), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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. 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 respective financial position of the School as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.

El Cajon, California
January 31, 2022

Financial Statements

Albert Einstein Academies

Statement of Financial Position

June 30, 2021

Assets

Cash and cash equivalents	\$ 5,217,051
Accounts receivable	3,328,057
Prepaid expenses	209,057
Restricted cash bond	2,313,331
Property and equipment, net	<u>10,122,275</u>
Total Assets	<u>\$ 21,189,771</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 1,549,038
Accrued payroll liabilities	254,508
Unearned revenue	84,767
Deferred rent	32,939
Loan payable	473,117
Bonds and notes payable, net of discount and costs	<u>14,009,483</u>
Total Liabilities	<u>16,403,852</u>

Net Assets

Without donor restrictions

Undesignated	8,811,365
Invested in property and equipment, net of related debt	<u>(3,887,208)</u>
	<u>4,785,919</u>

Total Net Assets	<u>4,785,919</u>
Total Liabilities and Net Assets	<u>\$ 21,189,771</u>

The accompanying notes are an integral part of this statement.

Albert Einstein Academies

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 2,261,596	\$ -	\$ 2,261,596
Education protection account state aid	272,890	-	272,890
Transfers in lieu of property taxes	9,658,804	-	9,658,804
Total LCFF sources	<u>12,193,290</u>	<u>-</u>	<u>12,193,290</u>
Federal contracts and grants	-	2,017,617	2,017,617
State contracts and grants	265,692	2,752,433	3,018,125
Local contracts and grants	94,884	-	94,884
Interest income	55,161	-	55,161
Net assets released from restriction -			
Grant restrictions satisfied	4,807,399	(4,807,399)	-
Total revenue, support, and gains	<u>17,416,426</u>	<u>(37,349)</u>	<u>17,379,077</u>
Expenses and Losses			
Program services expense	12,652,897	-	12,652,897
Supporting services expense	3,642,351	-	3,642,351
Total expenses and losses	<u>16,295,248</u>	<u>-</u>	<u>16,295,248</u>
Change in Net Assets	1,121,178	(37,349)	1,083,829
Net Assets, Beginning of Year	<u>3,664,741</u>	<u>37,349</u>	<u>3,702,090</u>
Net Assets, End of Year	<u>\$ 4,785,919</u>	<u>\$ -</u>	<u>\$ 4,785,919</u>

The accompanying notes are an integral part of this statement.

Albert Einstein Academies

Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Educational</u>	<u>Management and</u>	
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Salaries and wages	\$ 7,535,265	\$ 1,213,542	\$ 8,748,807
Pension expense	1,210,360	195,852	1,406,212
Other employee benefits	856,482	275,542	1,132,024
Payroll taxes	222,850	36,742	259,592
Fees for services:			
Legal	-	86,761	86,761
Audit	-	14,800	14,800
Professional consulting and instructional services	230,188	203,405	433,593
Other fees - District oversight	-	267,935	267,935
Advertising and promotion	-	4,716	4,716
Amortization	33,271	-	33,271
Information technology	6,034	109,032	115,066
Occupancy	1,282,348	-	1,282,348
Operations and housekeeping	503,356	-	503,356
Travel and conferences	33,303	-	33,303
Interest	-	1,002,219	1,002,219
Depreciation	430,955	-	430,955
Insurance	-	94,034	94,034
Other expenses:	-	-	-
Books and supplies	1,283,995	-	1,283,995
Equipment rental and repair	110,669	-	110,669
Dues and memberships	-	52,966	52,966
Special education	190,578	-	190,578
Miscellaneous	-	84,805	84,805
Total expenses by function	<u>13,929,654</u>	<u>3,642,351</u>	<u>17,572,005</u>

The accompanying notes are an integral part of this statement.

Albert Einstein Academies

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities

Receipts from federal, state, and local contracts and grants	\$ 5,998,102
Receipts from property taxes	9,651,713
Receipts from operating interest	56,535
Payments for salaries, benefits and payroll taxes	(11,675,556)
Payments to vendors	(2,532,578)

Net Cash From Operating Activities 1,498,216

Cash Flows from Investing Activities

Purchases of property and equipment	(439,221)
Withdrawal from endowment	16,498

Net Cash Used for Investing Activities (422,723)

Cash Flows from Financing Activities

Principal payments on notes payable	(228,921)
Interest paid	(1,002,219)

Net Cash Used for Financing Activities (1,231,140)

Net Change in Cash and Cash Equivalents (155,647)

Cash and Cash Equivalents, Beginning of Year 5,372,698

Cash and Cash Equivalents, End of Year \$ 5,217,051

Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities

Change in net assets	\$ 1,083,829
Adjustments to reconcile change in net assets to net cash:	
Depreciation and amortization	850,743
Debt service interest paid	1,002,219
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	(1,757,494)
Prepaid expenses	(138,951)
Increase (Decrease) in liabilities	
Accounts payable	491,723
Accrued payroll liabilities	(128,921)
Unearned revenue	84,767
Deferred rent	10,301

Net Cash From Operating Activities \$ 1,498,216

The accompanying notes are an integral part of this statement.

Albert Einstein Academies

Notes to the Financial Statements

Year Ended June 30, 2021

A. Principal Activity and Summary of Significant Accounting Policies

Organization Structure

Albert Einstein Academies (The Organization) is a non-profit public benefit corporation. The Organization operates two charter schools (The Schools) under the authorizing agency of the San Diego Unified School District. Albert Einstein Academy Charter Elementary School (AEACES) is in its fourth cycle of five-year charter renewal process and is authorized to operate through June 30, 2022. Albert Einstein Academy Charter Middle School (AEACMS) is in its third cycle of five-year charter renewal process and is authorized to operate through June 30, 2021.

The Organization commenced operations during the 2002-2003 fiscal year for Albert Einstein Academy Charter Elementary School and during the 2006-2007 fiscal year for Albert Einstein Academy Charter Middle School, and currently serves students in grades kindergarten through grade 8.

The mission of the Organization is to enable students to become competent contributing members of society equipped with reading, writing, math, technology, and problem-solving skills necessary for success in a rapidly changing world.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Basis of Consolidation

The accompanying financial statements include the accounts of Albert Einstein Academies (the Organization) and the accounts of 458 26th Street Holdings LLC (the LLC), a California limited liability company, of which the Schools' are the sole members and a related organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivables consist primarily of noninterest-bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the Organization.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Property and Equipment

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

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Revenue and Revenue Recognition

The Organization recognizes revenue from sales when the products are transferred, and services are provided. The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred and approximated \$4,716 during the year ended June 30, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional bases in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The Organization is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2021, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2021.

Estimates

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

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The Organization's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 70% of the School's revenue. The Organization is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2020-21 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2017-11 - <i>Earnings Per Share (Topic 260)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Distinguishing Liabilities from Equity (Topic 480)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Derivatives and Hedging (Topic 815)</i>	Jan-18
FASB Accounting Standards Update 2019-05 - <i>Financial Instruments, Credit Losses (Topic 326)</i>	May-19
FASB Accounting Standards Update 2019-11 - <i>Codification Improvements to Financial Instruments, Credit Losses (Topic 326)</i>	Nov-19
FASB Accounting Standards Update 2020-03 - <i>Codification Improvements to Financial Instruments</i>	Mar-20
FASB Accounting Standards Update 2020-04 - <i>Reference Rate Reform (Topic 848)</i>	Mar-20
FASB Accounting Standards Update 2021-01 - <i>Reference Rate Reform (Topic 848)</i>	Jan-21
FASB Accounting Standards Update 2021-03 - <i>Intangibles Goodwill and Other (Topic 350)</i>	Mar-21

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 31, 2022, the date the financial statements were available to be issued.

B. Liquidity and Availability

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Albert Einstein Elementary	Albert Einstein Middle	Central Location	458 26th Street Holdings LLC	Total
Cash and cash equivalents	\$ 3,814,997	\$ 1,388,724	\$ 13,330	\$ -	\$ 5,217,051
Accounts receivable	1,889,266	1,392,587	1,139	45,065	3,328,057
Prepaid expenses	111,542	97,515	-	-	209,057
	<u>\$ 5,815,805</u>	<u>\$ 2,878,826</u>	<u>\$ 14,469</u>	<u>\$ 45,065</u>	<u>\$ 8,754,165</u>

C. Fair Value Measurements and Disclosures

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Corporation develops inputs using the best information available in the circumstances.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The Organization has funds at the San Diego County Treasury which invests funds in various markets such as CDs, money market, and U.S. government obligations. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2021:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments:				
Cash in county treasury	\$ 3,715,583	\$ -	\$ 3,715,583	\$ -

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents on June 30, 2021, consisted of the following:

	Albert Einstein Elementary	Albert Einstein Middle	Central Location	Total
Cash in county treasury	\$ 3,543,853	\$ 171,730	\$ -	\$ 3,715,583
Cash in bank accounts	271,144	1,216,994	13,330	1,501,468
Total cash and cash equivalents	<u>\$ 3,814,997</u>	<u>\$ 1,388,724</u>	<u>\$ 13,330</u>	<u>\$ 5,217,051</u>

Cash in County Treasury

The Schools are a voluntary participant and therefore maintains a portion of their cash in the San Diego County Treasury as part of the common investment pool (\$3,715,583 as of June 30, 2021). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the Schools' investment in this pool is reported in the accompanying financial statements at amounts based upon the School's pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Cash in Bank

The remainder of the Organization's cash (\$1,501,468 as of June 30, 2021) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2021, the Organization held \$1,156,520 in excess of the FDIC insured amounts. The Organization reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

E. Accounts Receivable

As of June 30, 2021, The Organization's accounts receivable consisted of the following:

	Albert Einstein Elementary	Albert Einstein Middle	Central Location	458 26th Street Holdings LLC	Total
Federal Government					
Special Education	\$ 153,065	\$ 101,838	\$ -	\$ -	\$ 254,903
Child Nutrition	29,459	64,114	-	-	93,573
ESSER I	56,892	75,211	-	-	132,103
ESSER II	253,399	75,204	-	-	328,603
GEER	-	29,326	-	-	29,326
Other Federal Programs	24,359	41,051	-	-	65,410
State Government					
State Aid	328,946	246,264	-	-	575,210
Lottery Funding	45,919	33,744	-	-	79,663
SB740	-	125,243	-	-	125,243
Special Education	159,134	117,594	-	-	276,728
In-Person Instruction	115,549	84,767	-	-	200,316
Expanded Learning Opportunities	243,383	41,278	-	-	284,661
Other State Programs	11,175	14,996	-	-	26,171
Local Government					
Property tax payments	461,467	341,003	-	-	802,470
Other Local Sources					
Interest	6,515	950	-	-	7,465
Other local sources	4	4	1,139	45,065	46,212
Total Accounts Receivable	<u>\$ 1,889,266</u>	<u>\$ 1,392,587</u>	<u>\$ 1,139</u>	<u>\$ 45,065</u>	<u>\$ 3,328,057</u>

F. Prepaid Expenses

As of June 30, 2021, the Organization's prepaid expenses consisted of the following:

	Albert Einstein Elementary	Albert Einstein Middle	Total
Health and welfare benefits	\$ 51,271	\$ 33,638	\$ 84,909
Dues, licenses, and subscriptions	57,737	58,027	115,764
Other prepaid expenses	2,534	5,850	8,384
Total Prepaid Expenses	<u>\$ 111,542</u>	<u>\$ 97,515</u>	<u>\$ 209,057</u>

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

G. Property and Equipment

Property and equipment for Albert Einstein Elementary consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	327,020	-	-	327,020
Equipment, Furniture, and Fixtures	146,610	-	-	146,610
Total Depreciable Capital Assets	<u>473,630</u>	<u>-</u>	<u>-</u>	<u>473,630</u>
Total Capital Assets	473,630	-	-	473,630
Less Accumulated Depreciation	(91,809)	(47,022)	-	(138,831)
Capital Assets, Net	<u>\$ 381,821</u>	<u>\$ (47,022)</u>	<u>\$ -</u>	<u>\$ 334,799</u>

Property and equipment for Albert Einstein Middle consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	293,354	-	-	293,354
Equipment, Furniture, and Fixtures	129,409	19,432	-	148,841
Total Depreciable Capital Assets	<u>422,763</u>	<u>19,432</u>	<u>-</u>	<u>442,195</u>
Total Capital Assets	422,763	19,432	-	442,195
Less Accumulated Depreciation	(111,722)	(25,634)	-	(137,356)
Capital Assets, Net	<u>\$ 311,041</u>	<u>\$ (6,202)</u>	<u>\$ -</u>	<u>\$ 304,839</u>

Property and equipment for 458 26th Street Holdings LLC consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 1,315,059	\$ -	\$ -	\$ 1,315,059
Work in Progress	14,681	-	-	14,681
Total Non-Depreciable Capital Assets	<u>1,329,740</u>	<u>-</u>	<u>-</u>	<u>1,329,740</u>
Depreciable Capital Assets				
Buildings and Improvements	10,660,980	-	-	10,660,980
Equipment, Furniture, and Fixtures	-	-	-	-
Total Depreciable Capital Assets	<u>10,660,980</u>	<u>-</u>	<u>-</u>	<u>10,660,980</u>
Total Capital Assets	11,990,720	-	-	11,990,720
Less Accumulated Depreciation	(2,149,785)	(358,298)	-	(2,508,083)
Capital Assets, Net	<u>\$ 9,840,935</u>	<u>\$ (358,298)</u>	<u>\$ -</u>	<u>\$ 9,482,637</u>

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Combined property and equipment consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 1,315,059	\$ -	\$ -	\$ 1,315,059
Work in Progress	14,681	-	-	14,681
Total Non-Depreciable Capital Assets	<u>1,329,740</u>	<u>-</u>	<u>-</u>	<u>1,329,740</u>
Depreciable Capital Assets				
Buildings and Improvements	11,281,354	-	-	11,281,354
Equipment, Furniture, and Fixtures	276,019	19,432	-	295,451
Total Depreciable Capital Assets	<u>11,557,373</u>	<u>19,432</u>	<u>-</u>	<u>11,576,805</u>
Total Capital Assets	12,887,113	19,432	-	12,906,545
Less Accumulated Depreciation	<u>(2,353,316)</u>	<u>(430,954)</u>	<u>-</u>	<u>(2,784,270)</u>
Capital Assets, Net	<u>\$ 10,533,797</u>	<u>\$ (411,522)</u>	<u>\$ -</u>	<u>\$ 10,122,275</u>

H. Accounts Payable

As of June 30, 2021, the Organization's accounts payable consisted of the following:

	Albert Einstein Elementary	Albert Einstein Middle	Central Location	458 26th Street Holdings LLC	Total
Vendors	\$ 247,601	\$ 100,413	\$ 484,231	\$ 417,038	\$ 1,249,283
Sponsoring School District	66,463	17,686	-	-	84,149
Grantor Government	28,166	20,813	-	-	48,979
Student Group Trust	51,030	115,597	-	-	166,627
Total Accounts Payable	<u>\$ 393,260</u>	<u>\$ 254,509</u>	<u>\$ 484,231</u>	<u>\$ 417,038</u>	<u>\$ 1,549,038</u>

I. Accrued Payroll and Related Liabilities

As of June 30, 2021, the School's accrued payroll and related liabilities consisted of the following:

	Albert Einstein Elementary	Albert Einstein Middle	Total
Salaries payable	\$ 7,655	\$ 3,644	\$ 11,299
Pension payable	59,881	172,423	232,304
Payroll taxes payable	7,412	3,493	10,905
Total Accrued Payroll & Related	<u>\$ 74,948</u>	<u>\$ 179,560</u>	<u>\$ 254,508</u>

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

J. Unearned Revenue

At year end Albert Einstein Academy Charter Middle School had performance obligations remaining to expend funds for the In-Person Instruction (IPI) grant. As such unexpended cash received is reflected in unearned revenue.

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2021:

Unearned Revenue, beginning of period	\$	-
Increases in deferred revenue due to cash received during the period		84,767
Decreases in deferred revenue due to performance obligations met during the period		-
Unearned Revenue, end of period	<u>\$</u>	<u>84,767</u>

K. Bonds and Notes Payable

Paycheck Protection Program

On December 3, 2014, the LLC issued \$15,140,000 Series 2014A and \$465,000 Series 2014B Bonds (Bonds) for the financing, acquisition, and renovations to certain educational facilities. The Series 2014A Bonds mature in the following tranches: \$1,605,000 due August 1, 2023 with an interest rate of 6% per annum; \$4,580,000 due August 1, 2033 with an interest rate of 6.75% per annum; and \$8,955,000 due August 1, 2043 with an interest rate of 7.125% per annum. The Series 2014B Bonds of \$465,000 matured on August 1, 2019 with an interest rate of 7% per annum. The Bonds are secured by the underlying educational facilities. The Bonds contained a discount when issued of \$284,791, which is amortized as interest expense over the life of the Bonds.

Bonds payable consist of the following at June 30, 2021:

Principal amount	\$	14,430,000
Less unamortized premium and debt issuance costs		(420,517)
	<u>\$</u>	<u>14,009,483</u>

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	280,000	992,494	1,272,494
2023	300,000	975,094	1,275,094
2024	315,000	956,644	1,271,644
2025	335,000	935,888	1,270,888
2026	360,000	858,971	1,218,971
2027-2031	2,185,000	4,151,925	6,336,925
2032-2036	3,035,000	3,273,891	6,308,891
2037-2041	4,265,000	1,996,959	6,261,959
2042-2045	3,355,000	369,253	3,724,253
	<u>\$ 14,430,000</u>	<u>\$ 14,511,119</u>	<u>\$ 28,941,119</u>

L. Operating Leases

Albert Einstein Academy Charter Middle School entered into a lease agreement with the LLC for the use of school facilities through July 2043. The payment for the lease is paid solely by Albert Einstein Academy Charter Middle School. The building is owned by the LLC and as such, the leases have not been recorded on the statement of financial position for the middle school. Future minimum lease payments are as follows:

Year Ended June 30	Operating Leases
2022	1,284,094
2023	1,281,094
2024	1,282,194
2025	1,284,581
2026	1,280,281
2027-2031	5,238,055
2032-2036	6,413,956
2037-2041	6,415,019
2042-2043	1,386,266
Total minimum lease payments	<u>\$ 25,865,540</u>

Rent expense for the year ended June 30, 2021 totaled \$1,282,348.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

M. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

If the Schools choose to stop participating in some of its multi-employer plans, the Schools may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The Schools participation in these plans for the fiscal year ended June 30, 2021, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2021, 2020 and 2019 is for the plan's year-end at June 30, 2021, 2020 and 2019, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Period to Period Comparability:

Albert Einstein Academies increased in CalSTRS contributions from 2019 to 2020 by 17.85% followed by a decrease in 2021 of 2.66%. Albert Einstein Academies increased in CalPERS contributions from 2019 to 2020 by 25.08% followed by an additional increase in 2021 of 12.76%. The decrease in CalSTRS in 2021 due to the decrease of participants in the plan for the school year. The increases in CalPERS in 2021 was in large due to the rising contribution rates along with an increase in revenues that cause salaries to also rise, increasing contributions further.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented
		2021	2020	2019	
CalSTRS	37101	Yellow	Yellow	Yellow	No
CalPERS	7354575882	Yellow	Yellow	Yellow	No

Pension Fund	Contributions			Number of Employees	Surcharge Imposed
	2021	2020	2019		
CalSTRS	\$ 1,011,863	\$ 1,039,566	\$ 882,099	97	No
CalPERS	394,349	349,738	279,613	53	No
Total	\$ 1,406,212	\$ 1,389,304	\$ 1,161,712	150	

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

CalSTRS:

The Schools contribute to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2021, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 16.15% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2021, the State contributed \$647,091 (10.328% of certificated salaries) on behalf of the School.

CalPERS:

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Active plan members are required to contribute 7% of their salary and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2020-21 was 20.70% of classified salaries. The School made contributions as noted above.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

N. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2016-02 - <i>Leases (Topic 842)</i>	Feb-16	2022-23
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill & Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17	2021-22
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18	2021-22
FASB Accounting Standards Update 2018-11 - <i>Leases Targeted Improvements (Topic 842)</i>	Jul-18	2022-23
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-14 - <i>Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)</i>	Aug-18	2022-23
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18	2021-22
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18	2021-22
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2018-20 - <i>Leases (Topic 842)</i>	Dec-18	2022-23
FASB Accounting Standards Update 2019-01 - <i>Leases (Topic 842)</i>	Mar-19	2022-23
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19	2021-22
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19	2021-22
FASB Accounting Standards Update 2019-12 - <i>Income Taxes (Topic 740)</i>	Dec-19	2022-23
FASB Accounting Standards Update 2020-01 - <i>Investments (Topics 321, 323, and 815)</i>	Jan-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Revenue from Contracts with Customers (Topic 606)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Leases (Topic 842)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20	2021-22
FASB Accounting Standards Update 2020-08 - <i>Codification Improvements for Receivables (Topic 310-20)</i>	Oct-20	2022-23
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-02 - <i>Franchisors Revenue (Topic 952-606)</i>	Jan-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Earnings Per Share (Topic 260)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Debt Modifications and Extinguishments (Topic 470-50)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Stock Compensation (Topic 718)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Derivatives and Hedging (Topic 815-40)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-05 - <i>Leases (Topic 842)</i>	Jul-21	2022-23
FASB Accounting Standards Update 2021-07 - <i>Stock Compensation (Topic 718)</i>	Oct-21	2022-23
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2021-09 - <i>Leases (Topic 842)</i>	Nov-21	2022-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

Albert Einstein Academies
Notes to the Financial Statements (Continued)
Year Ended June 30, 2021

O. Subsequent Events

Bond Refinance

In September 2021 the bonds held by the LLC were refinanced in order to take advantage of improved interest rates for economic benefit of the organization.

School Combination

In preparation for the 2021-22 year Albert Einstein Elementary School and Middle School became one school. The 21-22 budget was prepared for the combined schools.

P. COVID-19 Impact and Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Albert Einstein Academies from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. Albert Einstein Academies established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California schools are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The School has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Supplementary Information

Albert Einstein Academies
Consolidating Statement of Financial Position
June 30, 2021

	Albert Einstein Elementary	Albert Einstein Middle	Central Location	458 26th Street Holdings LLC	Elimination	Total
Assets						
Cash and cash equivalents	\$ 3,814,997	\$ 1,388,724	\$ 13,330	\$ -	\$ -	\$ 5,217,051
Accounts receivable	1,889,266	1,392,587	1,139	45,065	-	3,328,057
Deferred rent receivable	-	-	-	271,573	(271,573)	-
Prepaid expenses	111,542	97,515	-	-	-	209,057
Restricted cash bond related	-	-	-	2,313,331	-	2,313,331
Property and equipment, net	334,799	304,839	-	9,482,637	-	10,122,275
Total Assets	<u>\$ 6,150,604</u>	<u>\$ 3,183,665</u>	<u>\$ 14,469</u>	<u>\$ 12,112,606</u>	<u>\$ (271,573)</u>	<u>\$ 21,189,771</u>
Liabilities and Net Assets						
Liabilities						
Accounts payable	\$ 393,260	\$ 254,509	\$ 484,231	\$ 417,038	\$ -	\$ 1,549,038
Accrued payroll liabilities	74,948	179,560	-	-	-	254,508
Unearned revenue	-	84,767	-	-	-	84,767
Deferred rent	-	304,512	-	-	(271,573)	32,939
Loan payable	-	-	-	473,117	-	473,117
Bonds and notes payable, net of discount and costs	-	-	-	14,009,483	-	14,009,483
Total Liabilities	<u>468,208</u>	<u>823,348</u>	<u>484,231</u>	<u>14,899,638</u>	<u>(271,573)</u>	<u>16,403,852</u>
Net Assets						
Without donor restrictions						
Undesignated	5,347,597	2,055,478	(331,524)	1,739,814	-	8,811,365
Invested in property and equipment, net of related debt	334,799	304,839	-	(4,526,846)	-	(3,887,208)
	<u>5,682,396</u>	<u>2,360,317</u>	<u>(469,762)</u>	<u>(2,787,032)</u>	<u>-</u>	<u>4,785,919</u>
Total Net Assets	<u>5,682,396</u>	<u>2,360,317</u>	<u>(469,762)</u>	<u>(2,787,032)</u>	<u>-</u>	<u>4,785,919</u>
Total Liabilities and Net Assets	<u>\$ 6,150,604</u>	<u>\$ 3,183,665</u>	<u>\$ 14,469</u>	<u>\$ 12,112,606</u>	<u>\$ (271,573)</u>	<u>\$ 21,189,771</u>

Albert Einstein Academies
Consolidating Statement of Activities
June 30, 2021

	Albert Einstein Elementary		Albert Einstein Middle		Central Location	458 26th Street Holdings	Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	
Revenue, Support, and Gains								
Local Control Funding Formula (LCFF) sources								
State aid	\$ 1,320,985	\$ -	\$ 940,611	\$ -	\$ -	\$ -	\$ -	\$ 2,261,596
Education protection account state aid	156,928	-	115,962	-	-	-	-	272,890
Transfers in lieu of property taxes	5,554,387	-	4,104,417	-	-	-	-	9,658,804
Total LCFF sources	<u>7,032,300</u>	<u>-</u>	<u>5,160,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,193,290</u>
Federal contracts and grants	-	1,039,031	-	978,586	-	-	-	2,017,617
State contracts and grants	152,120	1,376,684	113,572	1,375,749	-	-	-	3,018,125
Local contracts and grants	42,200	-	52,684	-	-	-	-	94,884
Rental income	-	-	-	-	-	1,276,757	(1,276,757)	-
Interest income	44,372	-	10,585	-	-	204	-	55,161
Net assets released from restriction -								
Grant restrictions satisfied	2,427,141	(2,427,141)	2,380,258	(2,380,258)	-	-	-	-
Total revenue, support, and gains	<u>9,698,133</u>	<u>(11,426)</u>	<u>7,718,089</u>	<u>(25,923)</u>	<u>-</u>	<u>1,276,961</u>	<u>(1,276,757)</u>	<u>17,379,077</u>
Expenses and Losses								
Program services expense	6,959,956	-	6,578,129	-	-	391,569	(1,276,757)	12,652,897
Supporting services expense	1,678,986	-	790,185	-	138,238	1,034,942	-	3,642,351
Total expenses and losses	<u>8,638,942</u>	<u>-</u>	<u>7,368,314</u>	<u>-</u>	<u>138,238</u>	<u>1,426,511</u>	<u>(1,276,757)</u>	<u>16,295,248</u>
Change in Net Assets	1,059,191	(11,426)	349,775	(25,923)	(138,238)	(149,550)	-	1,083,829
Net Assets, Beginning of Year	<u>4,623,205</u>	<u>11,426</u>	<u>2,010,542</u>	<u>25,923</u>	<u>(331,524)</u>	<u>(2,637,482)</u>	<u>-</u>	<u>3,702,090</u>
Net Assets, End of Year	<u>\$ 5,682,396</u>	<u>\$ -</u>	<u>\$ 2,360,317</u>	<u>\$ -</u>	<u>\$ (469,762)</u>	<u>\$ (2,787,032)</u>	<u>\$ -</u>	<u>\$ 4,785,919</u>

Albert Einstein Academies
Consolidating Statement of Functional Expenses
June 30, 2021

	<u>Albert Einstein Elementary</u>		<u>Albert Einstein Middle</u>		<u>Central Location</u>	<u>458 26th Street Holdings LLC</u>		<u>Total</u>
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Supporting Services</u>	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Educational Programs</u>	<u>Management and General</u>	<u>Educational Programs</u>	<u>Management and General</u>	<u>Management and General</u>	<u>Educational Programs</u>	<u>Management and General</u>	
Salaries and wages	\$ 4,387,863	\$ 826,148	\$ 3,147,402	\$ 387,394	\$ -	\$ -	\$ -	\$ 8,748,807
Pension expense	719,010	135,375	491,350	60,477	-	-	-	1,406,212
Other employee benefits	489,056	92,080	367,426	45,224	138,238	-	-	1,132,024
Payroll taxes	142,841	26,894	80,009	9,848	-	-	-	259,592
Fees for services:								
Legal	-	45,873	-	38,079	-	-	2,809	86,761
Audit	-	7,400	-	7,400	-	-	-	14,800
Professional consulting and instructional services	12,889	187,850	217,299	15,555	-	-	-	433,593
Other fees - District oversight	-	214,179	-	53,756	-	-	-	267,935
Advertising and promotion	-	2,408	-	2,308	-	-	-	4,716
Amortization	-	-	-	-	-	33,271	-	33,271
Information technology	6,034	54,031	-	55,001	-	-	-	115,066
Occupancy	-	-	1,282,348	-	-	-	-	1,282,348
Operations and housekeeping	248,153	-	255,203	-	-	-	-	503,356
Travel and conferences	15,160	-	18,143	-	-	-	-	33,303
Interest	-	-	-	-	-	-	1,002,219	1,002,219
Depreciation	47,023	-	25,634	-	-	358,298	-	430,955
Insurance	-	48,235	-	45,799	-	-	-	94,034
Other expenses:								
Books and supplies	743,196	-	540,799	-	-	-	-	1,283,995
Equipment rental and repair	59,578	-	51,091	-	-	-	-	110,669
Dues and memberships	-	23,795	-	29,171	-	-	-	52,966
Special education	89,153	-	101,425	-	-	-	-	190,578
Miscellaneous	-	14,718	-	40,173	-	-	29,914	84,805
Total expenses by function	6,959,956	1,678,986	6,578,129	790,185	138,238	391,569	1,034,942	17,572,005

Albert Einstein Academies

LEA Organization Structure

Year Ended June 30, 2021

Albert Einstein Academies consists of two charter schools: Albert Einstein Academy Charter Elementary School, Albert Einstein Academy Charter Middle School, a central location which handles financial activity, and 458 26th Street Holdings LLC.

Albert Einstein Academy Charter Elementary School (Charter #0488) is a grade K-5 charter school and was granted its charter renewal by the San Diego Unified School District, expiring June 30, 2022 pursuant to the terms of the Charter Schools Act of 1992, as amended.

Albert Einstein Academy Charter Middle School (Charter #0773) is a grade 6-8 charter school and was granted its charter renewal by the San Diego Unified School District, expiring June 30, 2021 pursuant to the terms of the Charter Schools Act of 1992, as amended.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Maria Ortega	President	Three Year Term Expires September 1, 2022
Eric Mitchell	Vice President	Three Year Term Expires November 12, 2022
Christopher Beesley	Treasurer	Three Year Term Expires September 1, 2022
Kristin Rebien	Secretary	Three Year Term Expires May 31, 2023
William Melton	Member	Three Year Term Expires September 1, 2022
Richard Vernon Moore	Member	Three Year Term Expires November 12, 2022
Christiana Gauger	Member	Three Year Term Expires November 12, 2022

ADMINISTRATION

David Sciarretta, Ed. D.
Superintendent

See Accompanying Notes to Supplementary Information

Albert Einstein Academies

Schedule of Instructional Time

Year Ended June 30, 2021

Albert Einstein Academy Charter Elementary School

<u>Grade Level</u>	<u>Minimum Daily Minutes Offered</u>	<u>Instructional Days Offered Multi-Track Calendar</u>	<u>J-13A Credited Days</u>	<u>Status</u>
Kindergarten	270	178	N/A	Complied
1st Grade	240	178	N/A	Complied
2nd Grade	270	178	N/A	Complied
3rd Grade	240	178	N/A	Complied
4th Grade	240	178	N/A	Complied
5th Grade	240	178	N/A	Complied

Albert Einstein Academy Charter Middle School

<u>Grade Level</u>	<u>Minimum Daily Minutes Offered</u>	<u>Instructional Days Offered Multi-Track Calendar</u>	<u>J-13A Credited Days</u>	<u>Status</u>
6th Grade	240	178	N/A	Complied
7th Grade	240	178	N/A	Complied
8th Grade	240	178	N/A	Complied

Albert Einstein Academies
Schedule of Financial Trends & Analysis
Year Ended June 30, 2021

Albert Einstein Academy Charter Elementary School

	Budget 2022	2021	2020	2019
Revenues	\$16,369,145	\$17,378,873	\$15,308,516	\$15,118,899
Expenses	16,712,188	16,007,256	14,828,260	14,036,651
Change in Net Assets	(343,043)	1,371,617	480,256	1,082,248
Ending Net Assets	<u>\$ 7,699,670</u>	<u>\$ 8,042,713</u>	<u>\$ 6,671,096</u>	<u>\$ 6,190,840</u>
Unrestricted Net Assets	<u>\$ 7,699,670</u>	<u>\$ 8,042,713</u>	<u>\$ 6,633,747</u>	<u>\$ 6,012,768</u>
Unrestricted net assets as a percentage of total expenses	<u>46.07%</u>	<u>50.24%</u>	<u>44.74%</u>	<u>42.84%</u>
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The School's ending net assets has increased by \$1,851,873 (29.91%) over the past two fiscal years. The significant increase is in large due to additional funding received as a result of the COVID-19 pandemic, as well as increased ADA over those fiscal years. .

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

The 2021-22 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to decrease by \$343,043 and ADA is projected to be 1,380 for the 2021-22 fiscal year.

Albert Einstein Academies

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2021

Albert Einstein Academy Charter Elementary School

June 30, 2020 annual financial alternative form net assets:	\$ 5,682,397
Adjustments and reclassifications:	
Rounding	<u>(1)</u>
Total adjustments and reclassifications	<u>(1)</u>
June 30, 2020 audited financial statements net assets:	<u>\$ 5,682,396</u>

Albert Einstein Academy Charter Middle School

June 30, 2020 annual financial alternative form net assets:	\$ 2,360,317
Adjustments and reclassifications:	<u>-</u>
June 30, 2020 audited financial statements net assets:	<u>\$ 2,360,317</u>

Albert Einstein Academies

Notes to Supplementary Information

Year Ended June 30, 2021

A. Purpose of Schedules

Consolidating Statement of Financial Position

This schedule provides the information by school which combines into the Organization's overall statement of net position, with eliminations for activities between the schools within the School.

Consolidating Statement of Activities

This schedule provides the information by school which combines into the Organization's overall statement of activities.

Combining Statement of Functional Expenses

This schedule provides the information by subdivision which combines into the Organization's overall statement of functional expenses.

LEA Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

Schedule of Instructional Time

In addition, this schedule provides the information necessary to determine if the Charter Schools have complied with Education Code §47612 & §47612.5 which require the following:

- 1) EC §47612: As a condition of apportionment 175 school days must be offered for traditional calendar. If a multi-track calendar is utilized, each track must offer 175 school days.
- 2) EC §47612.5: As a condition of apportionment the following annual instructional minutes must be offered:
 - To pupils in Kindergarten 36,000 minutes
 - To pupils in grades 1 to 3 50,400 minutes
 - To pupils in grades 4 to 8 54,000 minutes
 - To pupils in grades 9 to 12 64,800 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

Albert Einstein Academies
Notes to Supplementary Information (Continued)
Year Ended June 30, 2021

As a result of the COVID-19 pandemic, the District and Charter Schools operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Instructional time for distance learning is calculated based on the time value of synchronous and/or asynchronous instruction and assignments made by and certified by a certificated employee of the LEA. Instructional time for in-person instruction is calculated based on time scheduled under the immediate physical supervision and control of a certificated employee of the LEA.

Schedule of Financial Trends & Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2021-22 fiscal year.

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

ALBERT EINSTEIN ACADEMIES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 186,490
IDEA Mental Health	84.027	14468	-	22,481
Total Special Education (IDEA) Cluster			<u>-</u>	<u>208,971</u>
CARES ACT/ESSER CLUSTER:				
U.S. Department of Education				
Passed through State Department of Education				
Governor's Emergency Education Relief Fund	84.425C	15517	-	17,825
CARES Act - Elementary & Secondary School Emergency Relief	84.425D	15536	-	176,138
CARES Act - Elementary & Secondary School Emergency Relief II	84.425D	15547	-	395,270
Total Child Nutrition Cluster			<u>-</u>	<u>589,233</u>
OTHER PROGRAMS				
U.S. Department of Education				
Passed through State Department of Education				
Title I	84.010	14329	\$ -	\$ 210,671
Title IV Student Support	84.424	15396	-	20,000
Title II - Teacher Quality	84.367	14341	-	32,822
Total passed through State Department of Education			<u>-</u>	<u>263,493</u>
Total U.S. Department of Education			<u>-</u>	<u>1,061,697</u>
U.S. Department of Agriculture				
Passed through State Department of Education				
Child and Adult Care Food Program	10.558	13666	-	259,722
Total passed through State Department of Education			<u>-</u>	<u>259,722</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>259,722</u>
US DEPARTMENT OF TREASURY				
Passed through State Department of Education				
Coronavirus Relief Fund - Learning Loss Mitigation	21.019	25516	-	696,198
Total passed through State Department of Education			<u>-</u>	<u>696,198</u>
Total U.S. Department of Treasury			<u>-</u>	<u>696,198</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 2,017,617</u>

Albert Einstein Academies

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The Corporation did not charge indirect costs to federal programs.

Schoolwide Program

The Organization operated “schoolwide programs” at Albert Einstein Academy Charter Elementary School and Albert Einstein Academy Charter Middle School. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the Organization in its schoolwide program:

Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Albert Einstein Academies

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Albert Einstein Academies (the Organization), as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 31, 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 the 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 School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
January 31, 2022

Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Albert Einstein Academies
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited Albert Einstein Academies's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Albert Einstein Academies's major federal programs for the year ended June 30, 2021. Albert Einstein Academies's 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 Albert Einstein Academies's 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 Albert Einstein Academies'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 Albert Einstein Academies's compliance.

Opinion on Each Major Federal Program

In our opinion, Albert Einstein Academies 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 Albert Einstein Academies 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 Albert Einstein Academies's 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 Albert Einstein Academies's 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 a 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.

El Cajon, California

January 12, 2022

Independent Auditor's Report on State Compliance

To the Board of Directors
Albert Einstein Academies

Report on State Compliance

We have audited the Albert Einstein Academies's (the School) 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 the School's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

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 applicable program as identified 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. 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 *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 and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school'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. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

Description	Albert Einstein Academy Elementary School Procedures Performed	Albert Einstein Academy Middle School Procedures Performed
Local Education Agencies Other Than Charter Schools		
A. Attendance and Distance Learning.....	N/A	N/A
B. Teacher Certification and Misassignments.....	N/A	N/A
C. Kindergarten Continuance.....	N/A	N/A
F. Instructional Time.....	N/A	N/A
G. Instructional Materials.....	N/A	N/A
H. Ratio of Administrative Employees to Teachers.....	N/A	N/A
I. Classroom Teacher Salaries.....	N/A	N/A
J. Early Retirement Incentive.....	N/A	N/A
K. Gann Limit Calculation.....	N/A	N/A
L. School Accountability Report Card.....	N/A	N/A
O. K-3 Grade Span Adjustment.....	N/A	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A	N/A
R. Comprehensive School Safety Plan.....	N/A	N/A
S. District of Choice.....	N/A	N/A
School Districts, County Offices of Education, and Charter Schools		
T. California Clean Energy Jobs Act.....	Yes	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes	Yes
Charter Schools		
AA. Attendance.....	Yes	Yes
BB. Mode of Instruction.....	Yes	Yes
CC. Nonclassroom Based Instruction/Independent Study.....	N/A	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A	N/A
FF. Charter School Facility Grant Program.....	N/A	Yes

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *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. Accordingly, this report is not suitable for any other purpose.

El Cajon, California
January 31, 2022

Auditor's Results, Findings & Recommendations

Albert Einstein Academies

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

_____ Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

_____ Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)?

_____ Yes X No

Type of auditor's report issued on compliance for major programs:

Unmodified

Compliance supplement utilized for single audit

July 2021 with December 2021
Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?

_____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund - Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?*

_____ Yes X No

Type of auditor's report issued on compliance for state programs:

Unmodified

Albert Einstein Academies
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

None

ALBERT EINSTEIN ACADEMIES
Schedule of Prior Year Audit Findings
Year Ended June 30, 2021

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A