

**SYNERGY ACADEMIES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**SYNERGY CHARTER ACADEMY (SCA) - # 636
SYNERGY KINETIC ACADEMY (SKA) - # 1014
SYNERGY QUANTUM ACADEMY (SQA) - # 1299**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019



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**SYNERGY ACADEMIES
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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Synergy Academies
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Synergy Academies (the Academy), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 of 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 auditors' 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 on page 1 present fairly, in all material respects, the financial position of the Academy as of June 30, 2019, 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 Academy's financial statements as a whole. The accompanying supplementary schedules as described in the table of contents and the individual school and CMO columns in the statements of financial position, activities and cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedule of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 a report dated November 16, 2019 on our consideration of the Academy'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 on the Academy'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 Academy's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 16, 2019

SYNERGY ACADEMIES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy	CMO	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 3,652,430	\$ 5,150,258	\$ 3,448,966	\$ 918,402	\$ 13,170,056
Accounts Receivable - Federal and State	441,570	615,662	693,424	-	1,750,656
Accounts Receivable - Other	8,682	11,819	11,666	-	32,167
Prepaid Expenses	14,310	23,228	23,941	10,783	72,262
Total Current Assets	<u>4,116,992</u>	<u>5,800,967</u>	<u>4,177,997</u>	<u>929,185</u>	<u>15,025,141</u>
LONG-TERM ASSETS					
Property, Plant, and Equipment, Net	4,950	-	1,964	-	6,914
Total Long-Term Assets	<u>4,950</u>	<u>-</u>	<u>1,964</u>	<u>-</u>	<u>6,914</u>
Total Assets	<u>\$ 4,121,942</u>	<u>\$ 5,800,967</u>	<u>\$ 4,179,961</u>	<u>\$ 929,185</u>	<u>\$ 15,032,055</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 215,931	\$ 306,235	\$ 267,698	\$ 13,845	\$ 803,709
Payroll Liabilities	11,346	37,692	40,183	54,383	143,604
Total Current Liabilities	<u>227,277</u>	<u>343,927</u>	<u>307,881</u>	<u>68,228</u>	<u>947,313</u>
NET ASSETS					
Without Donor Restriction					
Designated by Board for Emergency Reserve	2,303,511	3,365,759	1,950,578	133,262	7,753,110
Undesignated	1,591,154	2,091,281	1,897,136	723,289	6,302,860
With Donor Restriction	-	-	24,366	4,406	28,772
Total Net Assets	<u>3,894,665</u>	<u>5,457,040</u>	<u>3,872,080</u>	<u>860,957</u>	<u>14,084,742</u>
Total Liabilities and Net Assets	<u>\$ 4,121,942</u>	<u>\$ 5,800,967</u>	<u>\$ 4,179,961</u>	<u>\$ 929,185</u>	<u>\$ 15,032,055</u>

See accompanying Notes to Financial Statements.

**SYNERGY ACADEMIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy	CMO	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTION						
State Revenue:						
State Aid	\$ 2,507,866	\$ 3,606,531	\$ 5,191,717	\$ -	\$ -	\$ 11,306,114
Other State Revenue	508,078	693,254	659,847	-	-	1,861,179
Federal Revenue:						
Grants and Entitlements	426,715	626,246	617,392	-	-	1,670,353
Local Revenue:						
In-Lieu Property Tax Revenue	773,651	1,165,844	1,326,720	-	-	3,266,215
Contributions	3,009	7,000	39,608	7,645	-	57,262
Interest Income	9,283	9,283	9,283	-	-	27,849
Other Revenue	122,943	10,423	49,274	1,312,649	(1,311,244)	184,045
Total Revenues	<u>4,351,545</u>	<u>6,118,581</u>	<u>7,893,841</u>	<u>1,320,294</u>	<u>(1,311,244)</u>	<u>18,373,017</u>
Net Assets Released from Restriction	-	-	55,098	385	-	55,483
Total Unrestricted Revenues and Net Assets Released from Restriction	<u>4,351,545</u>	<u>6,118,581</u>	<u>7,948,939</u>	<u>1,320,679</u>	<u>(1,311,244)</u>	<u>18,428,500</u>
EXPENSES						
Program Services	3,379,994	4,993,425	6,462,149	606,947	(1,311,244)	14,131,271
Management and General	585,265	757,928	1,127,133	586,768	-	3,057,094
Total Expenses	<u>3,965,259</u>	<u>5,751,353</u>	<u>7,589,282</u>	<u>1,193,715</u>	<u>(1,311,244)</u>	<u>17,188,365</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	<u>386,286</u>	<u>367,228</u>	<u>359,657</u>	<u>126,964</u>	<u>-</u>	<u>1,240,135</u>
NET ASSETS WITH DONOR RESTRICTION						
Contributions	-	-	37,500	4,666	-	42,166
Net Assets Released from Restriction	-	-	(55,098)	(385)	-	(55,483)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>-</u>	<u>-</u>	<u>(17,598)</u>	<u>4,281</u>	<u>-</u>	<u>(13,317)</u>
CHANGE IN TOTAL NET ASSETS	386,286	367,228	342,059	131,245	-	1,226,818
Net Assets - Beginning of Year	<u>3,508,379</u>	<u>5,089,812</u>	<u>3,530,021</u>	<u>729,712</u>	<u>-</u>	<u>12,857,924</u>
NET ASSETS - END OF YEAR	<u>\$ 3,894,665</u>	<u>\$ 5,457,040</u>	<u>\$ 3,872,080</u>	<u>\$ 860,957</u>	<u>\$ -</u>	<u>\$ 14,084,742</u>

See accompanying Notes to Financial Statements.

**SYNERGY ACADEMIES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy	CMO	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 386,286	\$ 367,228	\$ 342,059	\$ 131,245	\$ -	\$ 1,226,818
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Depreciation	550	-	1,572	-	-	2,122
Write-Off of Fixed Assets	-	-	(2,558)	-	-	(2,558)
Change in Operating Assets:						
Accounts Receivable - Federal and State	(208,050)	(264,371)	(259,362)	-	-	(731,783)
Accounts Receivable - Other	(6,935)	(11,412)	(11,408)	-	-	(29,755)
Prepaid Expenses and Other Assets	(11,310)	(18,902)	(19,757)	(10,783)	-	(60,752)
Change in Operating Liabilities:						
Accounts Payable	148,369	231,960	202,795	(2,563)	-	580,561
Payroll Liabilities	(14,981)	(3,566)	7,919	(25,618)	-	(36,246)
Net Cash Provided by Operating Activities	<u>293,929</u>	<u>300,937</u>	<u>261,260</u>	<u>92,281</u>	<u>-</u>	<u>948,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property, Plant, and Equipment	(5,500)	-	-	-	-	(5,500)
Net Cash Used by Investing Activities	<u>(5,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	288,429	300,937	261,260	92,281	-	942,907
Cash and Cash Equivalents - Beginning of Year	<u>3,364,001</u>	<u>4,849,321</u>	<u>3,187,706</u>	<u>826,121</u>	<u>-</u>	<u>12,227,149</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,652,430</u>	<u>\$ 5,150,258</u>	<u>\$ 3,448,966</u>	<u>\$ 918,402</u>	<u>\$ -</u>	<u>\$ 13,170,056</u>

See accompanying Notes to Financial Statements.

SYNERGY ACADEMIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Eliminations	Total Expenses
Salaries and Wages	\$ 7,477,421	\$ 926,246	\$ -	\$ -	\$ 8,403,667
Pension Expense	1,214,310	163,901	-	-	1,378,211
Other Employee Benefits	941,862	161,311	-	-	1,103,173
Payroll Taxes	201,204	87,491	-	-	288,695
Management Fees	-	145,693	-	-	145,693
Legal Expenses	-	36,174	-	-	36,174
Instructional Materials	1,904,328	-	-	-	1,904,328
Other Fees for Services	1,579,376	1,429,482	-	(1,311,244)	1,697,614
Office Expenses	165,519	5,994	-	-	171,513
Printing and Postage Expenses	10,412	2,038	-	-	12,450
Information Technology Expenses	37,025	-	-	-	37,025
Occupancy Expenses	869,182	44,419	-	-	913,601
Travel Expenses	186,938	-	-	-	186,938
Conference and Meeting Expenses	1,012	-	-	-	1,012
Depreciation Expense	-	2,122	-	-	2,122
Insurance Expense	138,082	-	-	-	138,082
Other Expenses	715,844	52,223	-	-	768,067
Subtotal	\$ 15,442,515	\$ 3,057,094	\$ -	\$ (1,311,244)	\$ 17,188,365
Eliminations	-	(1,311,244)	-	1,311,244	-
Total	<u>\$ 15,442,515</u>	<u>\$ 1,745,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,188,365</u>

See accompanying Notes to Financial Statements.

**SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Synergy Academies (Synergy) is a nonprofit public benefit corporation under the laws of the state of California for the purpose of managing and operating public charter schools located in Los Angeles. For the year ended June 30, 2019, Synergy was comprised of a Charter Management Organization (CMO), and three charter schools, Synergy Charter Academy, Synergy Kinetic Academy, and Synergy Quantum Academy. Synergy is economically dependent on state and federal funding.

The charter may be revoked by the Los Angeles Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing Synergy's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

Cash and Cash Equivalents

Synergy defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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 that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2019. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The useful lives range varies from 5 to 39 years. Synergy capitalizes all expenditures for land, buildings, and equipment in excess of \$3,000. Depreciation expense was \$2,122 for the year ended June 30, 2019.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by the Academy based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Income Taxes

Synergy is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. Synergy is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. Synergy files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Eliminations

The school sites pay the CMO a fee for shared services provided. The revenue and expense related to these services are eliminated in the financial statements.

Evaluation of Subsequent Events

Synergy has evaluated subsequent events through November 16, 2019, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of \$14,952,879. As part of our liquidity management plan, we invest cash in excess of daily requirements in money market funds.

NOTE 3 CONCENTRATION OF CREDIT RISK

Synergy maintains an interest bearing cash account with a financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash in this account exceeds the maximum insured amount of \$250,000. Synergy has not experienced any losses regarding this account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 COMPENSATED ABSENCES

Synergy offers paid sick leave to regular full-time employees at the rate of six days per year. Sick leave days can be rolled over into the next year and can be accrued up to a maximum of twelve sick days. For every sick day that an employee does not use each year, the employee will receive an additional \$100 at the end of the school year. If an employee elects to roll over his/her sick days to the following school year, he/she will forfeit the benefit of receiving \$100 per unused sick days for the rolled over sick days. A maximum of six days unused sick days can be paid out in any one year for a limit of \$600.

Synergy offers vacation benefits to all regular full-time employees. Teachers are given three vacation days per year which they can roll over to a maximum of six vacation days. All teachers receive their vacation days at the start of their employment with Synergy for the year. Administrators receive twenty days of vacation per year which they can roll over to a maximum of forty days. Other vacation-eligible employees receive between two and four weeks of vacation time depending on their years of service with Synergy and can roll up to two times their annual allowance of vacation days. All newly-hired vacation-eligible employees (except for teachers) receive their vacation days after three months of full-time employment with Synergy. Continuing employees who are eligible for vacation time receive their vacation days on the first day of the fiscal year. Any employee starting after July 1 of the year will receive a prorated number of vacation days for the year. On termination of employment, the employee is paid all accrued but unused vacation at the employee's base rate of pay at the time of his/her termination.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The components of property, plant, and equipment as of June 30, 2019 are as follows:

	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy	Total
Furniture and Equipment	\$ 172,359	\$ 38,523	\$ 70,441	\$ 281,323
Leasehold Improvements	5,500	-	-	5,500
Less: Accumulated Depreciation	(172,909)	(38,523)	(68,477)	(279,909)
Property, Plant, and Equipment, Net	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 1,964</u>	<u>\$ 6,914</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTION

The activity in net assets with donor restriction for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Release	Ending Balance
NCLR Grant	\$ -	\$ 19,500	\$ (14,130)	\$ 5,370
Scholarship Fund	6,219	-	(6,219)	-
College Access Circle	1,221	10,000	(385)	10,836
Family Circle	125	-	-	125
STEM Circle	-	7,500	(225)	7,275
We Can Work	-	4,666	-	4,666
Villasano Scholarship	-	500	-	500
State Funding:	-	-	-	-
College Readiness	34,524	-	(34,524)	-
Total	<u>\$ 42,089</u>	<u>\$ 42,166</u>	<u>\$ (55,483)</u>	<u>\$ 28,772</u>

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if Synergy chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. Synergy has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

Synergy contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. 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. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2018, total STRS plan net assets are \$225 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.9 billion, and the plan is 64% funded. Synergy did not contribute more than 5% of the total contributions to the plan.

State Teachers' Retirement System (STRS) (Continued)

Plan Description (Continued)

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. Synergy is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020 – 2021. The required employer contribution rate for year ended June 30, 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

**SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

Synergy contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-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, within the Public Employees' Retirement Law. According to the most recently available Comprehensive Annual Financial Report for the year ended June 30, 2017, the School Employer Pool total plan assets are \$60.9 billion, the present value of accumulated plan benefits is \$99.6 billion, contributions from all employers totaled \$1.8 billion, and the plan is 72.1% funded. Synergy did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013, are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% of their salary. Synergy 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 year ended June 30, 2019 was 18.062%. The contribution requirements of the plan members are established and may be amended by state statute.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Contributions to PERS and STRS

Synergy's contributions to STRS and PERS for each of the last three years are as follows:

<u>Year Ending June 30,</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
<u>Synergy Charter Academy</u>				
2017	\$ 159,646	100%	\$ 43,343	100%
2018	\$ 187,388	100%	\$ 66,539	100%
2019	\$ 191,026	100%	\$ 83,958	100%
 <u>Synergy Kinetic Academy</u>				
2017	\$ 213,886	100%	\$ 73,745	100%
2018	\$ 269,272	100%	\$ 92,078	100%
2019	\$ 304,946	100%	\$ 123,313	100%
 <u>Synergy Quantum Academy</u>				
2017	\$ 344,556	100%	\$ 89,003	100%
2018	\$ 396,112	100%	\$ 103,060	100%
2019	\$ 444,930	100%	\$ 124,506	100%
 <u>CMO</u>				
2017	\$ 46,431	100%	\$ 61,953	100%
2018	\$ 31,162	100%	\$ 52,239	100%
2019	\$ 42,970	100%	\$ 62,562	100%

NOTE 8 CONTINGENCIES

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

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes which are allocated on the basis of estimates of time and effort. Occupancy was allocated based on estimates of square footage and office expenses, other fees for services, and printing and postage were allocated based on estimated units of service.

SYNERGY ACADEMIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 OPERATING LEASE

In 2017, the CMO entered into an operating lease with People's Union LLC for property at 2510 B South Central Ave. in the city of Los Angeles. The term of the lease is 3 years and requires monthly payments of \$5,250. Lease expense paid by Synergy for this agreement for the year ended June 30, 2019 was \$88,837.

Future minimum lease payments for operating leases are as follows:

<u>For the year ended June 30:</u>	
2020	\$ 66,350
2021	16,709
Total	<u>\$ 83,059</u>

NOTE 11 COMMITMENTS

Synergy has facility use agreements with Los Angeles Unified School District (LAUSD) for Synergy Kinetic Academy and Synergy Quantum Academy. Each agreement carries a term that coincides with the respective school's charter agreement. The agreements do not require Synergy to pay a lease amount for the use of the sites, but instead Synergy pays a Pro Rata Share Charge for the maintenance of the facilities and other services. This Pro Rata Share Charge is negotiated annually for each site and therefore cannot be estimated for future years. The Pro Rata Share Charges paid to LAUSD for the year ended June 30, 2019 are as follows:

Synergy Kinetic Academy	\$ 195,839
Synergy Quantum Academy	\$ 188,580

Synergy Charter Academy entered a facility use agreement with LAUSD to provide purchased services in addition to fees for oversight and facility usage based on an pro rata share charge. The amount paid to LAUSD under these agreements for the year ended June 30, 2019 was \$165,156.

SUPPLEMENTARY INFORMATION

**SYNERGY ACADEMIES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2019**

Synergy operates three charter schools approved by the Los Angeles Unified School District as follows:

- Synergy Charter Academy (charter number 636) - established in 2004
- Synergy Kinetic Academy (charter number 1014) - established in 2008
- Synergy Quantum Academy (charter number 1299) - established in 2011

The Board of Directors and the Administrators as of the year ended June 30, 2019 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (2 year term)</u>
Kevin Cox	Chair	June 2019
Terri Sterr Leon	Vice Chair	June 2020
Roy Cervantes	Member	June 2019
Satpal Nagpal	Member	June 2019
Carlos Leon-Bocanegra, Jr.	Member	June 2019
Dulcie Kermah	Member	June 2020
Jane Lledo	Member	June 2020
Elizabeth Rollice	Member	June 2019
Marc Bauer	Member	June 2019
Francisca Franco	Member	June 2020

ADMINISTRATORS

Rhonda Deomampo	Chief Executive Officer
Jennifer Epps	Chief Achievement Officer
Kristin Miklos	Principal, Synergy Charter Academy
Christine Bradford	Principal, Synergy Kinetic Academy
Catherine Belcher	Principal, Synergy Quantum Academy
Christina Vogel	Chief Operating Officer

**SYNERGY ACADEMIES
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Synergy Charter Academy:				
Kindergarten	36,000	64,855	180	In compliance
Grade 1	50,400	57,855	180	In compliance
Grade 2	50,400	57,855	180	In compliance
Grade 3	50,400	55,140	180	In compliance
Grade 4	54,000	55,140	180	In compliance
Grade 5	54,000	55,140	180	In compliance
Synergy Kinetic Academy:				
Grade 6	54,000	60,776	180	In compliance
Grade 7	54,000	60,776	180	In compliance
Grade 8	54,000	60,776	180	In compliance
Synergy Quantum Academy:				
Grade 9	64,800	67,065	180	In compliance
Grade 10	64,800	67,065	180	In compliance
Grade 11	64,800	67,065	180	In compliance
Grade 12	64,800	67,065	180	In compliance

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

**SYNERGY ACADEMIES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Synergy Charter Academy:				
Grades K-3	201.82	201.82	201.58	201.58
Grades 4-5	102.30	102.30	101.89	101.89
Totals	<u>304.12</u>	<u>304.12</u>	<u>303.47</u>	<u>303.47</u>
Synergy Kinetic Academy:				
Grade 6	155.51	155.51	155.23	155.23
Grades 7-8	302.78	302.78	302.09	302.09
Totals	<u>458.29</u>	<u>458.29</u>	<u>457.32</u>	<u>457.32</u>
Synergy Quantum Academy:				
Grades 9-12	521.53	521.53	517.85	517.85
Totals	<u>521.53</u>	<u>521.53</u>	<u>517.85</u>	<u>517.85</u>
ADA Totals	<u>1,283.94</u>	<u>1,283.94</u>	<u>1,278.64</u>	<u>1,278.64</u>

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

SYNERGY ACADEMIES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy
June 30, 2019 Annual Financial Report Fund Balances (Net Assets)	\$ 3,894,665	\$ 5,457,040	\$ 3,873,406
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	-	-	250
Accounts Payable and Accrued Liabilities	-	-	(1,576)
Net Adjustments and Reclassifications	-	-	(1,326)
June 30, 2019 Audited Financial Statement Fund Balances (Net Assets)	\$ 3,894,665	\$ 5,457,040	\$ 3,872,080

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

SYNERGY ACADEMIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Synergy Charter Academy	Synergy Kinetic Academy	Synergy Quantum Academy	Total Federal Expenditures
U.S. Department of Education						
Pass-Through Program from California Department of Education:						
No Child Left Behind Act:						
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 141,897	\$ 223,789	\$ 254,191	\$ 619,877
Title II, Part A, Improving Teacher Quality	84.367	14341	16,521	25,674	28,974	71,169
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15391	10,268	15,937	18,458	44,663
Special Education: IDEA Basic Local Assistance Cluster	84.027	13379	63,143	95,108	108,268	266,519
Total U.S. Department of Education			<u>231,829</u>	<u>360,508</u>	<u>409,891</u>	<u>1,002,228</u>
U.S. Department of Agriculture						
Pass-Through Program from California Department of Education						
Child Nutrition Cluster:						
Breakfast Program	10.553	N/A	7,876	10,740	8,386	27,002
National School Lunch Program	10.555	23165	187,010	254,998	199,115	641,123
Child Nutrition Cluster Total			<u>194,886</u>	<u>265,738</u>	<u>207,501</u>	<u>668,125</u>
Total U.S. Department of Agriculture			<u>194,886</u>	<u>265,738</u>	<u>207,501</u>	<u>668,125</u>
Total Expenditures of Federal Awards			<u>\$ 426,715</u>	<u>\$ 626,246</u>	<u>\$ 617,392</u>	<u>\$ 1,670,353</u>

N/A- Not available

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

SYNERGY ACADEMIES
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Synergy under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of Synergy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Synergy.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures 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.

NOTE 5 INDIRECT COST RATE

Synergy has elected to use a rate other than the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Synergy Academies
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Synergy Academies (the Academy), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 consolidated 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 Academy’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 determination of financial statement amounts. 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 16, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Synergy Academies
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Synergy Academies' (Synergy) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Synergy's major federal programs for the year ended June 30, 2019. Synergy's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Synergy'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 Synergy'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 Synergy's compliance.

Opinion on Each Major Federal Program

In our opinion, Synergy 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, 2019.

Report on Internal Control Over Compliance

Synergy 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 Synergy'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 Synergy'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.



CliftonLarsonAllen LLP

Glendora, California
November 16, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Synergy Academies
Los Angeles, California

We have audited Synergy Academies' (Synergy) compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The Academy's state compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the Academy's compliance based on our audit of the types of compliance requirements referred to below. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the Academy's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not applicable
Before and After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

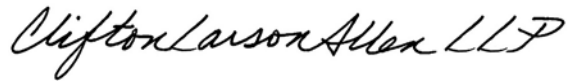
<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the Academy complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 16, 2019

**SYNERGY ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial
statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? _____ yes x none reported
2. Type of auditors’ report issued on
compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

10.553, 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**SYNERGY ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**SYNERGY ACADEMIES
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.

