

**JAMES JORDAN MIDDLE SCHOOL
CHARTER SCHOOL NUMBER: 0734**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2018)**



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**JAMES JORDAN MIDDLE SCHOOL
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(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
James Jordan Middle School
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of James Jordan Middle School (the School), 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 one present fairly, in all material respects, the financial position of the School 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.

Report on Summarized Comparative Information

We have previously audited the School's 2018 financial statements, and expressed an unmodified opinion on those statements in our report dated December 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 15, 2019 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 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.



CliftonLarsonAllen LLP

Glendora, California
November 15, 2019

**JAMES JORDAN MIDDLE SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,716,114	\$ 1,426,028
Accounts Receivable - Federal and State	708,554	650,247
Accounts Receivable - Other	600	1,622
Prepaid Expenses and Other Assets	54,735	29,169
Total Current Assets	2,480,003	2,107,066
LONG-TERM ASSETS		
Property, Plant, and Equipment, Net	856,363	1,029,318
Total Long-Term Assets	856,363	1,029,318
Total Assets	\$ 3,336,366	\$ 3,136,384
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 132,855	\$ 85,066
Accounts Payable - Sponsoring District	2,607	8,702
Total Current Liabilities	135,462	93,768
NET ASSETS		
Without Donor Restriction	3,200,904	3,042,616
Total Net Assets	3,200,904	3,042,616
Total Liabilities and Net Assets	\$ 3,336,366	\$ 3,136,384

See accompanying Notes to Financial Statements.

**JAMES JORDAN MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	2019	2018
REVENUES, WITHOUT DONOR RESTRICTION		
State Revenue:		
State Aid	\$ 2,983,050	\$ 2,757,199
Other State Revenue	812,904	902,972
Federal Revenue:		
Grants and Entitlements	440,180	426,511
Local Revenue:		
In-Lieu Property Tax Revenue	1,018,654	927,920
Contributions	55,449	35,152
Investment Income	610	543
Other Revenue	31,036	27,368
Total Revenues	5,341,883	5,077,665
 EXPENSES		
Program Services	4,163,035	3,731,485
Management and General	1,020,425	944,529
Fundraising	135	1,032
Total Expenses	5,183,595	4,677,046
 CHANGE IN NET ASSETS	158,288	400,619
Net Assets Without Donor Restriction, Beginning of Year	3,042,616	2,641,997
 NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR	\$ 3,200,904	\$ 3,042,616

See accompanying Notes to Financial Statements.

**JAMES JORDAN MIDDLE SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 158,288	\$ 400,619
Change in Net Assets		
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	215,844	194,573
Change in Operating Assets:		
Accounts Receivable - Federal and State	(58,307)	(170,504)
Accounts Receivable - Other	1,022	(1,622)
Prepaid Expenses and Other Assets	(25,566)	38,660
Change in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	47,789	12,847
Accounts Payable - Sponsoring District	(6,095)	(3,582)
Net Cash Provided by Operating Activities	332,975	470,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(42,889)	(342,150)
Net Cash Used by Investing Activities	(42,889)	(342,150)
NET CHANGE IN CASH AND CASH EQUIVALENTS	290,086	128,841
Cash and Cash Equivalents, Beginning of Year	1,426,028	1,297,187
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,716,114	\$ 1,426,028

See accompanying Notes to Financial Statements.

**JAMES JORDAN MIDDLE SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	Program Services	Management and General	Fundraising	2019	2018
Salaries and Wages	\$ 2,273,294	\$ 405,219	\$ -	\$ 2,678,513	\$ 2,489,277
Pension Expense	244,541	18,418	-	262,959	233,512
Other Employee Benefits	216,992	38,679	-	255,671	245,092
Payroll Taxes	71,877	24,334	-	96,211	87,867
Legal Expenses	-	27,600	-	27,600	25,094
Accounting Expenses	-	99,648	-	99,648	94,036
Instructional Materials	362,556	-	-	362,556	309,520
Other Fees for Services	223,426	76,203	-	395,390	331,296
Advertising and Promotion Expenses	-	8,415	-	8,415	15,823
Office Expenses	110,334	186,698	-	301,274	241,718
Occupancy Expenses	251,137	44,766	-	195,900	193,530
Travel Expenses	63,899	-	-	63,899	35,886
Depreciation Expense	190,704	25,140	-	215,844	194,573
Insurance Expense	-	36,445	-	36,445	33,838
Other Expenses	154,275	28,860	135	183,270	145,984
	<u>\$ 4,163,035</u>	<u>\$ 1,020,425</u>	<u>\$ 135</u>	<u>\$ 5,183,595</u>	<u>\$ 4,677,046</u>
Total					

See accompanying Notes to Financial Statements.

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

James Jordan Middle School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school.

The School is funded principally through the state of California public education monies received through the California Department of Education and the Los Angeles Unified School District (the District).

The District has granted the charter through June 30, 2020. The charter may be revoked by the 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 the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Cash and Cash Equivalents

The School 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.

**JAMES JORDAN MIDDLE SCHOOL
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. 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.

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 School capitalizes all expenditures for land, buildings and equipment in excess of \$1,000.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by the School 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.

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The entire compensated absences liability is reported on the statement of financial position. Full-time, 12 month non-exempt employees accrue 5 days of paid vacation per 12 month period (prorated from July 15). A maximum of 10 days of vacation may be accrued. Salaried exempt full-time 12 month employees are given their vacation time as specified in their individual employment agreement. Teaching staff, part-time hourly staff, and 11 month, full-time, non-exempt employees do not accrue vacation time.

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The School is a non-profit 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. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School 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.

Evaluation of Subsequent Events

The School has evaluated subsequent events through November 15, 2019, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$2,425,268.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. There were no investments of this nature within the year under audit.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains its cash in bank deposit accounts at various institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$215,844 for the year ended June 30, 2019.

The components of property, plant, and equipment as of June 30, 2019 are as follows:

Building	\$ 854,463
Leasehold Improvements	432,611
Equipment, Furniture and Fixtures	<u>269,032</u>
Total	1,556,106
Less: Accumulated Amortization	<u>(699,743)</u>
Total Property, Plant, and Equipment	<u><u>\$ 856,363</u></u>

NOTE 5 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The School 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 \$254 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.8 billion, and the plan is 64.0% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

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 10.25% of their salary. 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 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 2020-21. The required employer contribution rate for year ended June 30, 2019 was 18.13% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The School's contributions to STRS for the past three years are as follows:

<u>Year Ending June 30.</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2017	\$ 184,997	100%
2018	\$ 229,619	100%
2019	\$ 257,594	100%

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. The School matches up to 3% for classified employees. During the year ended June 30, 2019, the School contributed \$5,365 to this plan.

NOTE 6 OPERATING LEASES

The School leases its facilities under a lease agreement that expires in June of 2020. Lease expense for the year ended June 30, 2019 was \$195,900. Future minimum lease payments include \$184,800 in 2020.

NOTE 7 CONTINGENCIES

The School 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.

**JAMES JORDAN MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, advertising, office expenses, travel, insurance, occupancy, depreciation and other, which are allocated on the basis of estimates of time and effort.

SUPPLEMENTARY INFORMATION

**JAMES JORDAN MIDDLE SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2019**

The School began serving students in September 2005 and is sponsored by the Los Angeles Unified School District (the District).

Charter school number authorized by the State: 0734

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 End (Length)</u>
Claudia Quinteros	President	January 2020 (2 years)
Bridget Smith	Vice President	July 2020 (2 years)
Maria Avila	Secretary	June 2019 (2 years)
Jessica LaBarbera	Treasurer	June 2019 (2 years)
Marite Antone	Member	June 2019 (2 years)
Maggie Malone	Member	February 2020 (2 years)
Janice Boafo	Member	June 2020 (2 years)
Adam Bierman	Member	August 2020 (2 years)
Victoria Brown	Member	August 2020 (2 years)

ADMINISTRATORS

Dr. Myranda Marsh	Executive Director
Maria Alvarado	Principal

**JAMES JORDAN MIDDLE SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Grade 6	54,000	60,730	180	In compliance
Grade 7	54,000	60,730	180	In compliance
Grade 8	54,000	60,730	180	In compliance

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

**JAMES JORDAN MIDDLE SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 6	141.16	141.16	141.50	141.50
Grades 7-8	258.15	258.15	258.47	258.47
ADA Totals	399.31	399.31	399.97	399.97

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

**JAMES JORDAN MIDDLE SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

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

**JAMES JORDAN MIDDLE SCHOOL
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 School and whether School complied with the provisions of the Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

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 financial statements.



**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
James Jordan Middle School
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of James Jordan Middle School (the School), 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, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School'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 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 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 non-compliance 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 15, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
James Jordan Middle School
Los Angeles, California

We have audited James Jordan Middle School's (the School) 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 School'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 School'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 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 on state compliance. Our audit does not provide a legal determination of the School's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the School'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
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
Immunizations	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	Yes

Opinion on State Compliance

In our opinion, the School 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 15, 2019

**JAMES JORDAN MIDDLE SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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
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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards* or the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**JAMES JORDAN MIDDLE SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

