Financial Statements
June 30, 2020

Bright Star Schools

Stella Elementary Charter Academy (SECA)
(Charter Number 1866)
Stella Middle Charter Academy (SMCA)
(Charter Number 0535)
Bright Star Secondary Charter Academy (BSSCA)
(Charter Number 0826)
Rise Kohyang Elementary School (RKES)
(Charter Number 1927)
Rise Kohyang Middle School (RKMS)
(Charter Number 1315)
Rise Kohyang High School (RKHS)
(Charter Number 1786)
Valor Academy Elementary (VAES)
(Charter Number 1787)
Valor Academy Middle School (VAMS)
(Charter Number 1095)
Valor Academy High School (VAHS)
(Charter Number 1539)

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Independent Auditor's Report

Governing Board
Bright Star Schools
(California Nonprofit Public Benefit Corporations)
Los Angeles, California

Report on the Financial Statements
We have audited the accompanying financial statements of Bright Star Schools (BSS) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to BSS'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 BSS's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BSS, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the other supplementary information as listed in the table of contents 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. Such 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 schedule of expenditures of federal awards and the other accompanying supplementary 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 March 25, 2021 on our consideration of BSS'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 BSS'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 BSS's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
March 25, 2021

Bright Star Schools
Statement of Financial Position
June 30, 2020

	General Support	Stella Middle Charter Academy	Bright Star Secondary Charter Academy	Rise Kohyang Middle School	Valor Academy Middle School
Assets					
Current assets					
Cash and cash equivalents	$ 126,111	$ 2,450,299	$ 1,059,655	$ 788,187	$ 930,638
Accounts receivable	3,996	1,543,920	1,256,522	788,780	987,294
Due from BSEG	-	1,371,979	-	-	-
Intercompany receivable	6,543,904	761,461	939,375	-	-
Prepaid expenses	1,476	35,614	150,334	97,195	90,149
Total current assets	6,675,487	6,163,273	3,405,886	1,674,162	2,008,081
Non-current assets					
Security deposit	-	8,250	8,250	61,398	105,000
Note receivable	-	-	-	-	1,652,873
Deferred rent asset	-	172,271	-	-	-
Property and equipment, net	48,820	666,245	855,521	1,190,431	256,774
Total non-current assets	48,820	846,766	863,771	1,251,829	2,014,647
	$ 6,724,307	$ 7,010,039	$ 4,269,657	$ 2,925,991	$ 4,022,728
Liabilities					
Current liabilities					
Accounts payable	$ 4,196	$ 340,368	$ 415,242	$ 529,366	$ 280,089
Refundable advance	-	4,318,834	14,255	1,146,600	38,362
Refundable advance - Paycheck Protection Program	5,846,300	-	-	-	-
Intercompany payable	-	-	-	145,786	75,711
Due to BSEG	-	77,804	-	-	-
Line of credit	-	-	-	-	-
Current portion of notes payable	-	-	-	-	57,746
Total current liabilities	5,850,496	4,737,006	429,497	1,821,752	451,908
Long-term liabilities					
Compensated absences	-	48,714	52,625	28,934	41,429
Deferred rent liability	-	-	-	-	-
Note payable, less current portion	300,000	-	-	-	666,161
Total long-term liabilities	300,000	48,714	52,625	28,934	707,590
Total liabilities	6,150,496	4,785,720	482,122	1,850,686	1,159,498
Net Assets					
Without donor restrictions	573,811	2,224,319	3,787,535	1,075,305	2,863,230
Total liabilities and net assets	$ 6,724,307	$ 7,010,039	$ 4,269,657	$ 2,925,991	$ 4,022,728

See Notes to Financial Statements

Bright Star Schools
Statement of Financial Position
June 30, 2020

	Valor Academy High School	Rise Kohyang High School	Valor Academy Elementary School	Stella Elementary Charter Academy	Rise Kohyang Elementary School
Assets					
Current assets					
Cash and cash equivalents	$ 2,790,706	$ 2,684,735	$ 769,860	$ 546,287	$ 219,500
Accounts receivable	915,807	643,488	496,879	333,784	398,622
Due from BSEG	1,122,569	-	-	-	-
Intercompany receivable	-	-	-	-	-
Prepaid expenses	116,254	195,827	84,607	43,510	32,380
Total current assets	4,945,336	3,524,050	1,351,346	923,581	650,502
Non-current assets					
Security deposit	-	2,765	90,000	-	-
Note receivable	-	-	-	-	-
Deferred rent asset	-	-	-	-	-
Property and equipment, net	232,973	20,942,550	864,287	131,616	191,187
Total non-current assets	232,973	20,945,315	954,287	131,616	191,187
	$ 5,178,309	$ 24,469,365	$ 2,305,633	$ 1,055,197	$ 841,689
Liabilities					
Current liabilities					
Accounts payable	$ 342,499	$ 139,875	$ 69,920	$ 64,107	$ -
Refundable advance	-	20,183,620	-	12,153	11,229
Refundable advance - Paycheck Protection Program	-	-	-	-	-
Intercompany payable	3,827,046	3,885,415	1,874,735	857,286	755,538
Due to BSEG	76,414	-	-	-	-
Line of credit	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Total current liabilities	4,245,959	24,208,910	1,944,655	933,546	766,767
Long-term liabilities					
Compensated absences	42,451	32,317	29,958	9,490	5,883
Deferred rent liability	256,400	-	-	-	-
Note payable, less current portion	-	-	-	-	-
Total long-term liabilities	298,851	32,317	29,958	9,490	5,883
Total liabilities	4,544,810	24,241,227	1,974,613	943,036	772,650
Net Assets					
Without donor restrictions	633,499	228,138	331,020	112,161	69,039
Total liabilities and net assets	$ 5,178,309	$ 24,469,365	$ 2,305,633	$ 1,055,197	$ 841,689

See Notes to Financial Statements

	Business Office Team	Eliminations	Total
Assets			
Current assets			
Cash and cash equivalents	$ 323,689	$ -	$ 12,689,667
Accounts receivable	-	-	7,369,092
Due from BSEG	-	-	2,494,548
Intercompany receivable	3,176,777	(11,421,517)	-
Prepaid expenses	7,768	-	855,114
Total current assets	3,508,234	(11,421,517)	23,408,421
Non-current assets			
Security deposit	-	-	275,663
Note receivable	-	-	1,652,873
Deferred rent asset	-	-	172,271
Property and equipment, net	140,888	-	25,521,292
Total non-current assets	140,888	-	27,622,099
	$ 3,649,122	$ (11,421,517)	$ 51,030,520
Liabilities			
Current liabilities			
Accounts payable	$ 96,225	$ -	$ 2,281,887
Refundable advance	-	-	25,725,053
Refundable advance - Paycheck Protection Program	-	-	5,846,300
Intercompany payable	-	(11,421,517)	-
Due to BSEG	-	-	154,218
Line of credit	2,000,000	-	2,000,000
Current portion of notes payable	-	-	57,746
Total current liabilities	2,096,225	(11,421,517)	36,065,204
Long-term liabilities			
Compensated absences	187,274	-	479,075
Deferred rent liability	-	-	256,400
Note payable, less current portion	-	-	966,161
Total long-term liabilities	187,274	-	1,701,636
Total liabilities	2,283,499	(11,421,517)	37,766,840
Net Assets			
Without donor restrictions	1,365,623	-	13,263,680
Total liabilities and net assets	$ 3,649,122	$ (11,421,517)	$ 51,030,520

See Notes to Financial Statements

Bright Star Schools
Statement of Activities
June 30, 2020

	General Support	Stella Middle Charter Academy	Bright Star Secondary Charter Academy	Rise Kohyang Middle School	Valor Academy Middle School
Support and Revenues					
Local Control Funding Formula	$ -	$ 5,095,385	$ 6,158,223	$ 4,370,401	$ 5,175,476
Federal revenue	-	363,252	355,319	280,273	354,492
Other State revenue	-	1,662,235	1,092,768	1,210,143	1,303,878
Local revenues					
Other revenue	16,503	124,372	178,356	46,487	138,935
Interest income	140	-	-	-	-
Contributions	396,667	800,500	-	3,605	-
Total revenues	413,310	8,045,744	7,784,666	5,910,909	6,972,781
Expenses					
Program services	378,247	6,240,534	7,287,001	4,998,333	5,592,368
Management and general	553	870,229	956,285	739,140	874,329
Total expenses	378,800	7,110,763	8,243,286	5,737,473	6,466,697
Non-Operating Activities					
Non-Operating Revenue					
Settlement revenue	-	4,718,219	-	-	-
Non-Operating Expenses					
Transfer of Assets to Bright Star Education Group	-	4,803,846	-	-	-
Change in Net Assets	34,510	849,354	(458,620)	173,436	506,084
Net Assets, Beginning of Year	539,301	1,374,965	4,246,155	901,869	2,357,146
Net Assets, End of Year	$ 573,811	$ 2,224,319	$ 3,787,535	$ 1,075,305	$ 2,863,230

See Notes to Financial Statements

Bright Star Schools
Statement of Activities
June 30, 2020

	Valor Academy High School	Rise Kohyang High School	Valor Academy Elementary School	Stella Elementary Charter Academy	Rise Kohyang Elementary School
Support and Revenues					
Local Control Funding Formula	$ 6,144,685	$ 4,856,671	$ 3,920,914	$ 1,233,703	$ 423,281
Federal revenue	327,367	949,672	210,514	457,197	295,655
Other State revenue	1,246,505	961,520	962,462	389,011	66,695
Local revenues					
Other revenue	166,145	116,221	458,112	228,806	101,198
Interest income	-	-	-	-	-
Contributions	4,725	1,750	-	100,000	450,000
Total revenues	7,889,427	6,885,834	5,552,002	2,408,717	1,336,829
Expenses					
Program services	6,780,940	5,986,600	4,866,993	2,095,214	1,168,031
Management and general	974,402	852,759	643,348	260,874	99,968
Total expenses	7,755,342	6,839,359	5,510,341	2,356,088	1,267,999
Non-Operating Activities					
Non-Operating Revenue					
Settlement revenue	-	-	-	-	-
Non-Operating Expenses					
Transfer of Assets to Bright Star Education Group	847,394	-	-	-	-
Change in Net Assets	(713,309)	46,475	41,661	52,629	68,830
Net Assets, Beginning of Year	1,346,808	181,663	289,359	59,532	209
Net Assets, End of Year	$ 633,499	$ 228,138	$ 331,020	$ 112,161	$ 69,039

See Notes to Financial Statements

	Business Office Team	Eliminations	Total
Support and Revenues			
Local Control Funding Formula	$ -	$ -	$ 37,378,739
Federal revenue	-	-	3,593,741
Other State revenue	-	-	8,895,217
Local revenues			
Other revenue	5,379,662	(5,379,662)	1,575,135
Interest income	-	-	140
Contributions	575,000	-	2,332,247
Total revenues	5,954,662	(5,379,662)	53,775,219
Expenses			
Program services	730,000	-	46,124,261
Management and general	4,769,589	(5,379,662)	5,661,814
Total expenses	5,499,589	(5,379,662)	51,786,075
Non-Operating Activities			
Non-Operating Revenue			
Settlement revenue	-	-	4,718,219
Non-Operating Expenses			
Transfer of Assets to Bright Star Education Group	-	-	5,651,240
Change in Net Assets	455,073	-	1,056,123
Net Assets, Beginning of Year	910,550	-	12,207,557
Net Assets, End of Year	$ 1,365,623	$ -	$ 13,263,680

See Notes to Financial Statements

Bright Star Schools
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Management and General	Total Expenses
Salaries	$ 21,839,900	$ 2,960,656	$ 24,800,556
Employee benefits	6,958,392	312,931	7,271,323
Payroll taxes	605,129	185,248	790,377
Fees for services	4,021,392	250,584	4,271,976
Advertising and promotions	13,122	57,465	70,587
Office expenses	545,809	46,454	592,263
Information technology	440,940	152,160	593,100
Occupancy	6,072,390	202,002	6,274,392
Travel	232,580	2,337	234,917
Interest	-	11,322	11,322
Depreciation	326,214	4,072	330,286
Insurance	324,972	20,127	345,099
Other expenses	511,389	-	511,389
Grants back to schools	730,000	-	730,000
Equipment	185,114	2,008	187,122
Professional development	246,846	197,228	444,074
Professional and business fees	162,040	221,657	383,697
Student service	548,420	2,565	550,985
Fundraising expense	84,819	31	84,850
Instructional materials	1,161,190	398	1,161,588
Legal and audit	26,012	119,890	145,902
Communication	876,401	27,273	903,674
Utilities	211,190	-	211,190
Management fees	-	885,406	885,406
Total	$ 46,124,261	$ 5,661,814	$ 51,786,075

See Notes to Financial Statements

Bright Star Schools
Statement of Cash Flows
Year Ended June 30, 2020

	General Support	Stella Middle Charter Academy	Bright Star Secondary Charter Academy	Rise Kohyang Middle School
Cash Flows from (used for) Operating Activities				
Change in net assets	$ 34,510	$ 849,354	$ (458,620)	$ 173,436
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation expense	20,920	46,480	43,506	2,106
Changes in operating assets and liabilities				
Accounts receivable	(238)	(615,199)	(24,096)	(27,568)
Intercompany receivable/payable, net	(6,560,974)	1,428,438	903,554	(1,145,310)
Prepaid expenses	(1,017)	(6,656)	58,083	38,398
Deferred rent asset	-	(172,271)	-	-
Refundable advance - PPP	5,846,300	-	-	-
Accounts payable	(24,202)	(2,908,941)	180,608	418,842
Refundable advance	(200,000)	(4,623,123)	(2,499)	1,144,949
Other liabilties	(223,676)	7,947	7,536	83
Net cash from (used for) operating activities	(1,108,377)	(5,993,971)	708,072	604,936
Cash Flows from (used for) Investing Activities				
Purchases of property and equipment	-	(712,725)	(207,692)	(529,173)
Cash Flows from (used for) Financing Activities				
Proceeds from issuance of notes	300,000	-	-	-
Principal payments on notes	-	-	-	-
Net borrowings under line of credit	-	-	-	-
Net cash from (used for) financing activities	300,000	-	-	-
Net Change in Cash and Cash Equivalents	(808,377)	(6,706,696)	500,380	75,763
Cash and Cash Equivalents, Beginning of Year	934,488	9,156,995	559,275	712,424
Cash and Cash Equivalents, End of Year	$ 126,111	$ 2,450,299	$ 1,059,655	$ 788,187
Supplemental cash flow disclosure				
Cash paid during the year in interest	$ -	$ -	$ -	$ -

See Notes to Financial Statements

Bright Star Schools
Statement of Cash Flows
Year Ended June 30, 2020

	Valor Academy Middle School	Valor Academy High School	Rise Kohyang High School	Valor Academy Elementary School
Cash Flows from (used for) Operating Activities				
Change in net assets	$ 506,084	$ (713,309)	$ 46,475	$ 41,661
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation expense	14,955	96,654	34,829	17,089
Changes in operating assets and liabilities				
Accounts receivable	(74,682)	(33,898)	16,290	5,250
Intercompany receivable/payable, net	(629,922)	803,225	4,293,691	133,714
Prepaid expenses	(40,589)	(99,618)	425,561	(104,109)
Deferred rent asset	-	-	-	-
Refundable advance - PPP	-	-	-	-
Accounts payable	140,896	(84,321)	(64,915)	(228,056)
Refundable advance	(2,255)	254,442	(532,922)	-
Other liabilties	(5,014)	(3,571)	7,161	10,112
Net cash from (used for) operating activities	(90,527)	219,604	4,226,170	(124,339)
Cash Flows from (used for) Investing Activities				
Purchases of property and equipment	(53,883)	1,299,814	(2,355,656)	7,507
Cash Flows from (used for) Financing Activities				
Proceeds from issuance of notes	-	-	-	-
Principal payments on notes	(56,896)	-	-	-
Net borrowings under line of credit	-	-	-	-
Net cash from (used for) financing activities	(56,896)	-	-	-
Net Change in Cash and Cash Equivalents	(201,306)	1,519,418	1,870,514	(116,832)
Cash and Cash Equivalents, Beginning of Year	1,131,944	1,271,288	814,221	886,692
Cash and Cash Equivalents, End of Year	$ 930,638	$ 2,790,706	$ 2,684,735	$ 769,860
Supplemental cash flow disclosure				
Cash paid during the year in interest	$ 11,322	$ -	$ -	$ -

See Notes to Financial Statements

Bright Star Schools
Statement of Cash Flows
Year Ended June 30, 2020

	Stella Elementary Charter Academy	Rise Kohyang Elementary School	Business Office Team	Total
Cash Flows from (used for) Operating Activities				
Change in net assets	$ 52,629	$ 68,830	$ 455,073	$ 1,056,123
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation expense	26,953	22,722	4,072	330,286
Changes in operating assets and liabilities				
Accounts receivable	(242,408)	(297,437)	-	(1,293,986)
Intercompany receivable/payable, net	506,208	603,882	(2,538,530)	(2,202,024)
Prepaid expenses	(31,880)	2,646	7,282	248,101
Deferred rent asset	-	-	-	(172,271)
Refundable advance - PPP	-	-	-	5,846,300
Accounts payable	28,941	(32,229)	(7,993)	(2,581,370)
Refundable advance	12,153	11,229	-	(3,938,026)
Other liabilties	5,604	1,966	85,330	(106,522)
Net cash from (used for) operating activities	358,200	381,609	(1,994,766)	(2,813,389)
Cash Flows from (used for) Investing Activities				
Purchases of property and equipment	(158,569)	(162,109)	(26,871)	(2,899,357)
Cash Flows from (used for) Financing Activities				
Proceeds from issuance of notes	-	-	-	300,000
Principal payments on notes	-	-	-	(56,896)
Net borrowings under line of credit	-	-	2,000,000	2,000,000
Net cash from (used for) financing activities	-	-	2,000,000	2,243,104
Net Change in Cash and Cash Equivalents	199,631	219,500	(21,637)	(3,469,642)
Cash and Cash Equivalents, Beginning of Year	346,656	-	345,326	16,159,309
Cash and Cash Equivalents, End of Year	$ 546,287	$ 219,500	$ 323,689	$ 12,689,667
Supplemental cash flow disclosure				
Cash paid during the year in interest	$ -	$ -	$ -	$ 11,322

See Notes to Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Bright Star Schools (BSS) was incorporated in the State of California in 2002 as Stella Middle Charter Academy and renamed in 2005, as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law.

BSS provides services such as education, encompassing instruction, student and staff support activities, facilities maintenance and operations, and food services. Supporting services include management and general services which are BSS's overall related administrative activities.

BSS is comprised of the following charter schools and related business operations:

- Stella Middle Charter Academy (SMCA)
- Bright Star Secondary Charter Academy (BSSCA)
- Rise Kohyang Elementary School (RKES)
- Rise Kohyang Middle School (RKMS)
- Rise Kohyang High School (RKHS)
- Valor Academy Elementary (VAES)
- Valor Academy Middle School (VAMS)
- Valor Academy High School (VAHS)
- Stella Elementary Charter Academy (SECA)
- Business Office Team
- General Support

The charter schools are funded principally through the State of California public education monies received through the California Department of Education and the Los Angeles Unified School District.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. Net assets without donor restrictions also include the investment in property and equipment, net accumulated depreciation. BSS' policy is to designate donor funds without restriction at the discretion of the board of directors. As of June 30, 2020, BSS has not designated any net assets for a specific purpose.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. BSS reports 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.

Cash and Cash Equivalents

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

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as BSS deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the business office team to each charter school and reimbursement for those resources from each charter school to the business office team. Operating transfers include certain costs of shared liabilities and shared assets between charter schools.

Property and Equipment

Property and equipment additions over $5,000 are recorded 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 remaining gain or loss is included in the Statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

BSS 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, 2020.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence balance is reported on the Statement of Financial Position.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for BSS are derived principally from State and Federal sources. BSS receives State funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, 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. The majority of BSS's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. At June 30, 2020, conditional contributions approximating $25,379 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements. In addition, at June 30, 2020, conditional contributions totaling $25,920,841 for which amounts have been received in advance, have not been recognized in the accompanying financial statements. These amounts are reflected in the accompanying financial statements as deferred revenue.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when BSS would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

BSS was granted a $5,846,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. BSS is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. BSS has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if BSS maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. BSS will be required to repay any remaining balance, plus interest accrued at one percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance reported on the financial statements related to PPP is $5,846,300.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of activities and the Statements of functional expenses. The Statement of functional expenses presents the natural classification detail of expenses by function. Each charter reports its own direct program service activities and supporting services that are specifically identifiable to the individual charter. Shared support services are charged to the business office team (BOT) in the financial statements and are allocated to the individual charter schools when they cannot be specifically identifiable to each charter's activity. BSS allocates these support services based on average daily attendance.

Income Taxes

BSS is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. BSS is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, BSS is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. BSS determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that BSS has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. BSS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial Statements in conformity with generally accepted accounting principles requires BSS 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. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from and governmental agencies supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by BSS.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on BSS's financial statements has not yet been determined, the future adoption of this guidance will require BSS to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for BSS for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for BSS for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

BSS has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists BSS in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, BSS has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on BSS's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

BSS has adopted this standard as management believes the standard improves the usefulness and understandability of BSS's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

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, comprises the following:

Cash and cash equivalents	$ 12,689,667
Accounts receivable and due from BSEG	9,863,640
	$ 22,553,307

As part of BSS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, BSS invests cash in excess of daily requirements in county investment pools and money market funds. To help manage unanticipated liquidity needs, BSS has committed lines of credit in the amount of $2,000,000, which it could draw upon. Occasionally, the board will designate a portion of any operating surplus to its operating reserve. As of June 30, 2020, no reserves are recorded.

Note 3 - Accounts Receivable

Receivables at June 30, 2020, consisted of the following:

Local Control Funding Formula	
State principal apportionment	$ 2,847,037
In-lieu property taxes	1,021,034
Federal receivables	660,845
Other State receivables	2,130,999
Lottery	152,386
Local receivables	556,791
	$ 7,369,092

No allowance for uncollectible accounts receivable is deemed necessary.

Note 4 - Note Receivable

In December 2014, BSS extended a loan of $1,652,873 to the Pacific Charter School Development Facility Project, which is presented as a long-term receivable in the Statement of financial position. The note bears an interest rate of 1.50 percent and the financing matures on December 10, 2029. Principal payments on the note start in January 2022. The note receivable balance as of June 30, 2020 was $1,652,873.

Year Ending June 30,	Principal	Interest	Total
2021	$ -	$ 25,137	$ 25,137
2022	97,561	24,830	122,391
2023	197,289	22,285	219,574
2024	200,257	19,314	219,571
2025	203,376	16,198	219,574
2026-2030	954,390	32,272	986,662
	$ 1,652,873	$ 140,036	$ 1,792,909

Note 5 - Property and Equipment

Property and equipment at June 30, 2020, consisted of the following:

Land	$ 17,367,232
Building/leasehold improvements	673,163
Equipment	1,572,362
Computer equipment	914,514
Work in progress	6,217,332
Subtotal	26,744,603
Less: accumulated depreciation	(1,223,311)
	$ 25,521,292

During the year ended June 30, 2020, $330,286 was charged to BSS for depreciation expense.

Note 6 - Accounts Payable

Accounts payables at June 30, 2020 consisted of the following:

	BSS
LCFF apportionment	$ 796,255
Supplies	307,386
Services	972,848
Construction	15,750
Other vendor payables	171,219
Due to BSEG	18,429
	$ 2,281,887

Note 7 - Notes Payable

In December 2014, BSS obtained a promissory note for $1,000,000 to fund the Bright Star Leverage Loan in an attempt to secure new market tax credit financing to obtain a facility for long-term use by VAMS. The note bears an interest rate of 1.5 percent. BSS has signed a loan extension agreement and the loan matures on October 1, 2021. The note includes a $1,652,873 loan to the Pacific Charter School Development Facility Project (Note 4), which is presented as a long-term receivable in the Statement of Financial Position and matures on December 10, 2029. The loan balance as of June 30, 2020 was $723,907.

In May 2020, BSS obtained a promissory note for $300,000 to fund Bright Star Schools and provide support for distance or remote learning. The note bears a zero percent interest rate and matures on November 30, 2021. The loan balance as of June 30, 2020 was $300,000.

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2021	$ 57,746
2022	966,161
Total	$ 1,023,907

Note 8 - Compensated Absences

Compensated absences (unpaid employee vacation) for BSS at June 30, 2020, amounted to $479,075.

Note 9 - Line of Credit

At June 30, 2020, BSS had a $2,000,000 unsecured line of credit from City National Bank (CNB) to be drawn upon as needed. The line of credit bears a variable interest rate equal to CNB's prime rate plus 1.25 percent. As of June 30, 2020, BSS had an outstanding balance of $2,000,000.

Note 10 - Operating Leases and Deferred Rent Asset/Liability

In 2018, VAHS began leasing property from Lemona, LLC. Payments for this agreement began in January 2018. Lease payments for the year ended June 30, 2020 was $939,787 Lease expense recognized on a straight-line basis was $1,172,820 for the year ended June 30, 2020. At June 30, 2020, the deferred rent liability was $256,400.

In 2019, SMCA began leasing property from Martin Luther King, LLC. Payments for this agreement began in July 2019. Lease payments for the year ended June 30, 2020 was $1,011,189. Lease expense recognized on a straight-line basis was $838,918 for the year ended June 30, 2020. At June 30, 2020, the deferred rent asset was $172,271.

Operating Leases for School Sites

SMCA entered into a lease for the property located in Los Angeles, California. The term is from July 1, 2018 through June 1, 2050. Rent expense for the year ended June 30, 2020 was $838,918.

VAES entered into a lease agreement for property in Los Angeles, California to be used by VAES. The lease commenced on July 1, 2016 and ends June 30, 2020, with an option to extend. In addition, VAES entered into another lease agreement for a property in Arleta, California to be used by VAES. The lease commenced on December 1, 2019 and ends June 30, 2021. Rent expense for the year ended June 30, 2020 was $495,000.

VAMS entered into a lease agreement for property in Los Angeles, California to be used by VAMS. The lease commenced on July 1, 2015 and ends June 30, 2025. Rent expense for the year ended June 30, 2020 was $547,000.

VAHS entered into a lease agreement for property in Los Angeles, California to be used by VAHS. The lease commenced on July 1, 2018 and ends June 30, 2051. Rent expense for the year ended June 30, 2020 was $1,172,820.

RKMS entered into a sublease for the property located at 3020 Wilshire Blvd., Los Angeles, California. The term is from July 1, 2014 through June 30, 2021. Rent expense for the year ended June 30, 2020 was $724,260.

BSSCA entered into a lease agreement for the property in Los Angeles, California to be used by BSSCA. The lease commenced on August 1, 2019 and ends on July 31, 2021. Rent expense for the year ended June 30, 2020 was $615,914.

SECA entered into a lease agreement for the property in Los Angeles, California to be used by SECA. The lease commenced on August 1, 2018 and ends on July 31, 2024. Rent expense for the year ended June 30, 2020 was $192,200.

Future minimum lease payments are as follows:

Year Ending June 30	SMCA	SECA	BSSCA	VAES
2021	$ 926,642	$ 192,000	$ 222,278	$ 556,200
2022	916,781	198,000	179,916	-
2023	918,319	204,000	29,986	-
2024	916,464	210,000	-	-
2025	918,377	-	-	-
Thereafter	26,580,214	-	-	-
	$ 31,176,797	$ 804,000	$ 432,180	$ 556,200

Year Ending June 30	VAMS	VAHS	RKMS	Total
2021	$ 547,000	$ 916,952	$ 804,735	$ 4,165,807
2022	687,583	916,781	-	2,899,061
2023	788,000	918,319	-	2,858,624
2024	788,000	916,464	-	2,830,928
2025	788,000	918,377	-	2,624,754
Thereafter	-	26,580,212	-	53,160,426
	$ 3,598,583	$ 31,167,105	$ 804,735	$ 68,539,600

Note 11 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS).

The risks of participating in these multi-employer defined benefit pension plans 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 BSS chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. BSS has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

BSS contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

BSS contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required members, BSS and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and BSS' total contributions were $2,822,889.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of BSS. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,370,254 (10.328 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of $459,629 in these financial statements.

Note 12 - Contingencies

BSS 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 reimbursement, if required, would not be material.

Note 13 - Related Party Transactions

The Bright Star Education Group (BSEG) was incorporated in the State of California in 2013, as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. BSEG's purpose is to manage the growth of the network of Bright Star Schools operating in the Los Angeles area. In 2017, BSEG created the following limited liability corporations: Bright Star Development Group (BSDG) 990 La Fayette LLC (LF LLC), BSDG 4115 MLK LLC (MLK LLC), and BSDG 934 Lemona LLC (Lemona LLC). These corporations were created for the purpose of supporting and providing facilities for Bright Star Schools. BSEG is the sole member of each of the LLCs.

In August 2017, BSEG entered into a sublease agreement with RKHS for office space at 600 S. Lafayette, Los Angeles, California. In February 2017, BSDG 990 La Fayette LLC was created for the purpose of supporting and providing facilities for BSS. The LLC is the sole member of BSEG. The LLC subleased facilities to RKHS and the total rent expenses for RKHS was $698,103 as of June 30, 2020. As part of the lease agreement, RKES rents, on a temporary basis, a portion of the facilities with annual rent expense of $100,000. In addition, BSS business office team also rents a portion of facilities with annual rent expense of $200,056. Both of the lease terms for RKES and the business office team are renewed annually.

In September 2018, BSEG entered into a lease agreement with VAHS for office space at 9334-9356 Lemona Avenue, California. Lemona, LLC leased facilities to VAHS and the total rent expense for VAHS was $1,172,820 as of June 30, 2020.

In September 2018, BSEG entered into a sublease agreement with SMCA for the property located in Los Angeles, California. MLK LLC subleased facilities to SMCA and total rent expense was $838,918.

BSS has a $2,494,548 receivable from BSEG related to expenses paid by BSS for the BSEG as of June 30, 2020. BSS has a related party liability as of June 30, 2020 of $154,218 related to expenses paid by BSEG for BSS.

Note 14 - Risks and Uncertainties

BSS has been negatively impacted by the effects of the world-wide coronavirus pandemic. BSS is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to BSS's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Note 15 - Subsequent Events

BSS management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through March 25, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Supplementary Information
June 30, 2020

Bright Star Schools

Bright Star Schools
Schedules of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	SMCA	BSSCA	RKMS	VAMS	VAHS	RKHS	VAES	SECA	SECA	Total Federal Program Expenditures
U.S. Department of Education												
Direct Award												
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334A	[1]	$ -	$ -	$ -	$ -	$ -	$ 696,938	$ -	$ -	$ -	$ 696,938
Passed Through the California Department of Education (CDE):												
Title I, Part A - Basic Grant, Low Income and Neglected	84.010	14329	222,119	214,847	164,043	213,416	189,841	147,153	114,804	43,170	-	1,309,393
Title II, Part A - Supporting Effective Instruction	84.367	14341	26,449	25,460	19,682	25,042	24,830	17,287	13,510	4,984	1,455	158,699
Title IV, Part A - Student Support and Academic Enrichment Grants	84.424	15396	16,719	16,027	12,237	15,920	14,162	10,000	10,000	-	-	95,065
Title V, Part C - Public Charter Schools Grant Program	84.282A	15385	-	-	-	-	-	-		386,707	286,602	673,309
Passed Through Los Angeles Unified School District (LAUSD)												
Special Education (IDEA) Cluster												
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	97,965	98,985	84,311	100,114	98,534	78,294	72,200	22,336	7,598	660,337
Total U.S. Department of Education												$ 3,593,741

[1] Direct Award. Pass-Through Entity Identifying Number not available.

See Notes to Supplementary Information

Organization

Bright Star Schools is a nonprofit public benefit corporation and operates nine charter schools approved by the Los Angeles School District as follows:

- Stella Elementary Charter Academy (SECA) charter number 1866 – established in 2018
- Stella Middle Charter Academy (SMCA) charter number 0535 – established in 2003
- Bright Star Secondary Charter Academy (BSSCA) charter number 0826 – established in 2006
- Rise Kohyang Elementary School (RKES) charter number 1927 – established in 2019
- Rise Kohyang Middle School (RKMS) charter number 1315 – established in 2012
- Rise Kohyang High School (RKHS) charter number 1786 - established in 2016
- Valor Academy Elementary (VAES) charter number 1787 - established in 2016
- Valor Academy Middle School (VAMS) charter number 1095 – established in 2009
- Valor Academy High School (VAHS) charter number 1539 – established in 2013

The Board of Directors and the Administrators as of the year ended June 30, 2020 were as follows:

Governing Board

Member	Office	Term Expires
Andrew Murr	Board Chairman	2020
James McGrath	Secretary	2020
Stephen Green	Member	2021
Marisol Leon	Member	2021
David Valentine	Member	2021
Lois Levy	Member	2022
George Leftwich	Member	2022
Larry Klein	Member	2022
Andrew Wang	Member	2020
Louisa Wee	Member	2021
Robin Elledge	Member	2020

Administration

Hrag Hamalian	Executive Director
Melissa Kaplan	Deputy Superintendent of Education
Saman Bravo-Karimi	Chief Business Officer
China Habte	Fiscal Consultant

See Notes to Supplementary Information

	Final Report	
	Second Period Report	Annual Report
Stella Elementary Charter Academy (SECA)		
Regular ADA		
Kindergarten	108.69	108.69
Total Regular ADA	108.69	108.69
Classroom based ADA		
Kindergarten	108.69	108.69
Total Classroom Based ADA	108.69	108.69
Stella Middle Charter Academy (SMCA)		
Regular ADA		
Fourth through sixth	219.07	219.07
Seventh and eighth	257.97	257.97
Total Regular ADA	477.04	477.04
Classroom based ADA		
Fourth through sixth	219.07	219.07
Seventh and eighth	257.97	257.97
Total Classroom Based ADA	477.04	477.04
Bright Star Seconday Charter Academy (BSSCA)		
Regular ADA		
Ninth through twelth	482.01	482.01
Total Regular ADA	482.01	482.01
Classroom based ADA		
Ninth through twelth	482.01	482.01
Total Classroom Based ADA	482.01	482.01

See Notes to Supplementary Information

	Final Report	
	Second Period Report	Annual Report
Rise Kohyang Elementary School (RKES)		
Regular ADA		
Kindergarten	36.97	36.97
Total Regular ADA	36.97	36.97
Classroom based ADA		
Kindergarten	36.97	36.97
Total Classroom Based ADA	36.97	36.97
Rise Kohyang Middle School (RKMS)		
Regular ADA		
Fourth through sixth	133.87	133.87
Seventh and eighth	276.66	276.66
Total Regular ADA	410.53	410.53
Classroom based ADA		
Fourth through sixth	133.87	133.87
Seventh and eighth	276.66	276.66
Total Classroom Based ADA	410.53	410.53
Rise Kohyang High School (RKHS)		
Regular ADA		
Ninth through twelth	381.13	381.13
Total Regular ADA	381.13	381.13
Classroom based ADA		
Ninth through twelth	381.13	381.13
Total Classroom Based ADA	381.13	381.13

See Notes to Supplementary Information

	Final Report	
	Second Period Report	Annual Report
Valor Academy Elementary School (VAES)		
Regular ADA		
Transitional kindergarten through third	313.41	313.41
Fourth	38.09	38.09
Total Regular ADA	351.50	351.50
Classroom based ADA		
Transitional kindergarten through third	313.41	313.41
Fourth	38.09	38.09
Total Classroom Based ADA	351.50	351.50
Valor Academy Middle School (VAMS)		
Regular ADA		
Fourth through sixth	249.43	249.43
Seventh and eighth	238.07	238.07
Total Regular ADA	487.50	487.50
Classroom based ADA		
Fourth through sixth	249.43	249.43
Seventh and eighth	238.07	238.07
Total Classroom Based ADA	487.50	487.50
Valor Academy High School (VAHS)		
Regular ADA		
Ninth through twelth	479.80	479.80
Total Regular ADA	479.80	479.80
Classroom based ADA		
Ninth through twelth	479.80	479.80
Total Classroom Based ADA	479.80	479.80

See Notes to Supplementary Information

Stella Elementary Charter Academy (SECA)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	50,630	175	-	Complied

Stella Middle Charter Academy (SMCA)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 4 - 6	54,000				
Grade 4		61,316	178	-	Complied
Grade 5		61,316	178	-	Complied
Grade 6		61,316	178	-	Complied
Grades 7 - 8	54,000				
Grade 7		60,981	178	-	Complied
Grade 8		60,981	178	-	Complied

Bright Star Seconday Charter Academy (BSSCA)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 9 - 12	64,800				
Grade 9		68,261	178	-	Complied
Grade 10		68,261	178	-	Complied
Grade 11		68,261	178	-	Complied
Grade 12		68,261	178	-	Complied

See Notes to Supplementary Information

Rise Kohyang Elementary School (RKES)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	53,610	178	-	Complied

Rise Kohyang Middle School (RKMS)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 4 - 6	54,000				
Grade 4		59,673	179	-	Complied
Grade 5		59,673	179	-	Complied
Grade 6		59,673	179	-	Complied
Grades 7 - 8	54,000				
Grade 7		59,566	179	-	Complied
Grade 8		60,016	179	-	Complied

Rise Kohyang High School (RKHS)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 9 - 12	64,800				
Grade 9		66,698	178	-	Complied
Grade 10		66,698	178	-	Complied
Grade 11		66,698	178	-	Complied
Grade 12		66,698	178	-	Complied

See Notes to Supplementary Information

Valor Academy Elementary School (VAES)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	54,790	179	-	Complied
Grades 1 - 3	50,400				
Grade 1		54,790	179	-	Complied
Grade 2		57,475	179	-	Complied
Grade 3		57,475	179	-	Complied
Grades 4	54,000				
Grade 4		57,475	179	-	Complied

Valor Academy Middle School (VAMS)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 4 - 6	54,000				
Grade 4		67,320	178	-	Complied
Grade 5		67,320	178	-	Complied
Grade 6		67,320	178	-	Complied
Grades 7 - 8	54,000				
Grade 7		67,320	178	-	Complied
Grade 8		67,320	178	-	Complied

Valor Academy High School (VAHS)

Grade Level	1986-87 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 9 - 12	64,800				
Grade 9		65,820	178	-	Complied
Grade 10		65,820	178	-	Complied
Grade 11		65,820	178	-	Complied
Grade 12		65,820	178	-	Complied

See Notes to Supplementary Information

Bright Star Schools
Reconciliation of Annual Financial Report with Audited Financial Statements
Year ended June 30, 2020

	SMCA	BCCSA	RKMS	VAMS	VAHS
Net Assets					
Balance, June 30, 2020, Unaudited Actuals	$ 2,184,235	$ 4,184,913	$ 1,605,397	$ 3,085,296	$ 2,060,526
Decrease in					
Accounts receivable	-	(341,179)	(145,059)	(1,844,731)	(3,826,193)
Prepaids	-	-	(129,323)	-	(14,495)
Fixed assets	(90,281)	-	-	-	(20)
Accounts payable	-	-	-	-	2,670,081
Increase in					
Accounts receivable	47,625	-	-	-	-
Intercompany receivables	-	-	-	1,652,873	-
Prepaids	171,379	-	-	-	-
Fixed assets	-	-	-	26,390	-
Accounts payable	(88,639)	(56,199)	(255,710)	(56,598)	-
Refundable advance	-	-	-	-	(256,400)
Balance, June 30, 2020,					
Audited Financial Statements	$ 2,224,319	$ 3,787,535	$ 1,075,305	$ 2,863,230	$ 633,499

See Notes to Supplementary Information

Bright Star Schools
Reconciliation of Annual Financial Report with Audited Financial Statements
Year ended June 30, 2020

	RKHS	VAES	SECA	RKES	Total
Net Assets					
Balance, June 30, 2020, Unaudited Actuals	$ 416,200	$ 416,393	$ 140,117	$ 38,432	$ 14,131,509
Decrease in					
Accounts receivable	(3,863,645)	(2,254,803)	(1,061,482)	(862,803)	(14,199,895)
Prepaids	-	-	(19,125)	-	(162,943)
Fixed assets	-	-	-	-	(90,301)
Accounts payable	3,675,583	2,079,430	945,804	785,309	10,156,207
Increase in					
Accounts receivable	-	-	-	-	47,625
Intercompany receivables	-	-	-	-	1,652,873
Prepaids	-	90,000	-	-	261,379
Fixed assets	-	-	119,000	108,101	253,491
Accounts payable	-	-	-	-	(457,146)
Refundable advance	-	-	(12,153)	-	(268,553)
Balance, June 30, 2020,					
Audited Financial Statements	$ 228,138	$ 331,020	$ 112,161	$ 69,039	$ 11,324,246

See Notes to Supplementary Information

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of BSS under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of BSS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BSS.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

BSS does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Local Education Agency Organization Structure

This schedule provides information about the charter schools operated by Bright Star Schools, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of BSS. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at BSS.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by each of the charter schools and whether the charter schools complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, BSS filed the COVID-19 School Closure Certification certifying that all charter school sites were closed for 60 days due to the pandemic. As a result, BSS received credit for these days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial Statements.

Independent Auditor's Reports
June 30, 2020

Bright Star Schools

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*

Governing Board
Bright Star Schools
(A California Nonprofit Public Benefit Corporation)
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 Bright Star Schools (BSS) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered BSS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bright Star Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Bright Star Schools' 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 BSS'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 Bright Star Schools' 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 Bright Star Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bright Star Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
March 25, 2021

EideBailly

CPAs & BUSINESS ADVISORS

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

Governing Board
Bright Star Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Bright Star Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bright Star Schools' major federal programs for the year ended June 30, 2020. Bright Star Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bright Star Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bright Star Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program
In our opinion, Bright Star Schools' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance
Management of BSS 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 BSS'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 BSS'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.

Eide Bailly LLP

Rancho Cucamonga, California
March 25, 2021

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Governing Board
Bright Star Schools
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on State Compliance
We have audited Bright Star Schools' (BSS) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on BSS's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about BSS'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. However, our audit does not provide a legal determination of BSS's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for local education agencies other than charter schools are not applicable to charter schools; therefore, we did not perform any related procedures.

BSS does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

BSS does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because BSS is classroom-based.

Unmodified Opinion

In our opinion, Bright Star Schools complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
March 25, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Bright Star Schools

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
Special Education (IDEA) Cluster	84.027

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.