



Annual Financial Report
June 30, 2019

Endeavor College Preparatory Charter (No. 1094)



ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

TABLE OF CONTENTS
JUNE 30, 2019

<i>INDEPENDENT AUDITOR'S REPORT</i>	1
<i>FINANCIAL STATEMENTS</i>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7
<i>SUPPLEMENTARY INFORMATION</i>	
Schedule of Expenditures of Federal Awards	24
Local Education Agency Organization Structure	25
Schedule of Average Daily Attendance	26
Schedule of Instructional Time	27
Reconciliation of Annual Financial Report With Audited Financial Statements	28
Note to Supplementary Information	29
<i>INDEPENDENT AUDITOR'S REPORTS</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	31
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	33
Report on State Compliance	35
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	
Summary of Auditor's Results	39
Financial Statement Findings	40
Federal Awards Findings and Questioned Costs	41
State Awards Findings and Questioned Costs	42
Summary Schedule of Prior Audit Findings	43



INDEPENDENT AUDITOR'S REPORT

Governing Board
Endeavor College Preparatory Charter School
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Endeavor College Preparatory Charter School (the Charter School) and Endeavor Facility Corp (The Corporation) (A California Nonprofit Public Benefit Corporation), which are comprised of 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.

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; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter School and Corporation, as of June 30, 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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* and the 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 accompanying supplementary 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. 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, Schedule of Expenditures of Federal Awards and the 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 December 16, 2019, on our consideration of the Charter School and Corporation'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 Charter School and Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School and Corporation's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 16, 2019

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Charter School	LLC	Elimination	Total
ASSETS				
Current Assets				
Cash	\$ 534,803	\$ 176,723	\$ -	\$ 711,526
Accounts receivable	1,282,736	-	-	1,282,736
Intercompany receivable	-	159,875	(159,875)	-
Prepaid expenses and other current assets	30,752	33	-	30,785
Total Current Assets	<u>1,848,291</u>	<u>336,631</u>	<u>(159,875)</u>	<u>2,025,047</u>
Non-Current Assets				
Restricted cash	-	99,312	-	99,312
Net investment in lease, non-current portion	3,135,000	-	(3,135,000)	-
Security deposits	13,000	-	-	13,000
Tenant improvement allowance	-	152,500	(152,500)	-
Property and equipment	1,145,534	20,254,068	-	21,399,602
Less: accumulated depreciation	(134,313)	(1,101,372)	-	(1,235,685)
Total Non-Current Assets	<u>4,159,221</u>	<u>19,404,508</u>	<u>(3,287,500)</u>	<u>20,276,229</u>
Total Assets	<u>\$ 6,007,512</u>	<u>\$ 19,741,139</u>	<u>\$ (3,447,375)</u>	<u>\$ 22,301,276</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 267,064	\$ 66,983	\$ -	\$ 334,047
Deferred revenue	6,048	35,898	-	41,946
Intercompany payable	159,875	-	(159,875)	-
Current portion of long-term note	199,690	100,349	-	300,039
Total Current Liabilities	<u>632,677</u>	<u>203,230</u>	<u>(159,875)</u>	<u>676,032</u>
Long-Term Liabilities				
Lease incentive liability	152,500	-	(152,500)	-
Tenant security deposit	-	51,746	-	51,746
Non-current portion of long-term note	576,969	17,214,571	-	17,791,540
Total Long-Term Liabilities	<u>729,469</u>	<u>17,266,317</u>	<u>(152,500)</u>	<u>17,843,286</u>
Total Liabilities	<u>1,362,146</u>	<u>17,469,547</u>	<u>(312,375)</u>	<u>18,519,318</u>
NET ASSETS				
Without donor restrictions - capital contribution	3,135,000	-	(3,135,000)	-
Without donor restrictions	1,510,366	2,271,592	-	3,781,958
Total Net Assets	<u>4,645,366</u>	<u>2,271,592</u>	<u>(3,135,000)</u>	<u>3,781,958</u>
Total Liabilities and Net Assets	<u>\$ 6,007,512</u>	<u>\$ 19,741,139</u>	<u>\$ (3,447,375)</u>	<u>\$ 22,301,276</u>

The accompanying notes are an integral part of these financial statements.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School	LLC	Elimination	Total
REVENUES				
Local Control Funding Formula	\$ 6,503,115	\$ -	\$ -	\$ 6,503,115
Federal revenue	879,725	-	-	879,725
Other State revenue	1,889,574	-	-	1,889,574
Local revenue	104,414	1,005,771	(576,000)	534,185
Total Revenue	<u>9,376,828</u>	<u>1,005,771</u>	<u>(576,000)</u>	<u>9,806,599</u>
EXPENSES				
Program services	7,385,391	700,460	(483,840)	7,602,011
Management and general	1,736,522	836,354	(92,160)	2,480,716
Total Expenses	<u>9,121,913</u>	<u>1,536,814</u>	<u>(576,000)</u>	<u>10,082,727</u>
CHANGE IN NET ASSETS	254,915	(531,043)	-	(276,128)
NET ASSETS, BEGINNING OF YEAR	<u>4,390,451</u>	<u>2,802,635</u>	<u>(3,135,000)</u>	<u>4,058,086</u>
NET ASSETS, END OF YEAR	<u>\$ 4,645,366</u>	<u>\$ 2,271,592</u>	<u>\$ (3,135,000)</u>	<u>\$ 3,781,958</u>

The accompanying notes are an integral part of these financial statements.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School	LLC	Elimination	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 254,915	\$ (531,043)	\$ -	\$ (276,128)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities				
Depreciation expense	71,652	695,460	-	767,112
Changes in operating assets and liabilities				
Increase (decrease) in accounts receivable	(262,710)	59,500	-	(203,210)
Increase (decrease) in intercompany accounts receivable	-	(110,375)	110,375	-
Increase in prepaid expenses and other current assets	(2,688)	(33)	-	(2,721)
Decrease in tenant security deposits	-	-	-	-
Tenant improvement (allowance) liability amortization	(18,000)	18,000	-	-
Decrease in accounts payable	(261,501)	(458)	-	(261,959)
Increase (decrease) in intercompany accounts payable	110,375	-	(110,375)	-
Increase in deferred revenue	6,048	35,898	-	41,946
Net Cash Provided (used) by Operating Activities	<u>(101,909)</u>	<u>166,949</u>	<u>-</u>	<u>65,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures, net	(421,562)	4,900	-	(416,662)
Use of restricted cash	-	(38,063)	-	(38,063)
Net Cash Used for Investing Activities	<u>(421,562)</u>	<u>(33,163)</u>	<u>-</u>	<u>(454,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan principal payments	(199,086)	(94,707)	-	(293,793)
NET CHANGE IN CASH	(722,557)	39,079	-	(683,478)
CASH, BEGINNING OF YEAR	<u>1,257,360</u>	<u>137,644</u>	<u>-</u>	<u>1,395,004</u>
CASH, END OF YEAR	<u>\$ 534,803</u>	<u>\$ 176,723</u>	<u>\$ -</u>	<u>\$ 711,526</u>
Supplemental cash flow disclosure:				
Cash paid for interest	<u>\$ 13,074</u>	<u>\$ 806,339</u>	<u>\$ -</u>	<u>\$ 819,413</u>

The accompanying notes are an integral part of these financial statements.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School			LLC			Elimination	Total
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses		
Personnel								
Salaries	\$ 3,888,414	\$ 719,271	\$ 4,607,685	\$ -	\$ -	\$ -	\$ -	\$ 4,607,685
Employee benefits	371,402	86,147	457,549	-	-	-	-	457,549
Payroll taxes	1,071,486	80,636	1,152,122	-	-	-	-	1,152,122
Total Personnel	5,331,302	886,054	6,217,356	-	-	-	-	6,217,356
Operating								
Fees for services	444,942	262,252	707,194	5,000	64	5,064	-	712,258
Advertising and promotions	-	48,286	48,286	-	-	-	-	48,286
Office expenses	-	66,292	66,292	-	-	-	-	66,292
Information technology	18,557	11,277	29,834	-	-	-	-	29,834
Occupancy	665,022	123,014	788,036	-	-	-	(576,000)	212,036
Travel	14,782	7,759	22,541	-	-	-	-	22,541
Interest	-	13,074	13,074	-	806,339	806,339	-	819,413
Depreciation	71,652	-	71,652	695,460	-	695,460	-	767,112
Insurance	-	54,391	54,391	-	29,401	29,401	-	83,792
Other expenses	56,416	199,128	255,544	-	550	550	-	256,094
Capital outlay	111,303	-	111,303	-	-	-	-	111,303
Special education	100,814	-	100,814	-	-	-	-	100,814
Instructional materials	89,366	-	89,366	-	-	-	-	89,366
Nutrition	481,235	-	481,235	-	-	-	-	481,235
District oversight fee	-	64,995	64,995	-	-	-	-	64,995
Total Operating	2,054,089	850,468	2,904,557	700,460	836,354	1,536,814	(576,000)	3,865,371
Total Functional Expenses	7,385,391	1,736,522	9,121,913	700,460	836,354	1,536,814	(576,000)	10,082,727

The accompanying notes are an integral part of these financial statements.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Endeavor College Preparatory Charter School (the Charter School) is a not-for-profit public benefit corporation. The Charter School petitioned Los Angeles Unified School District (LAUSD) for a charter and was approved on April 14, 2009, and renewed on November 27, 2018, for a period of five years ending in 2024. The Charter School was numbered by the California Department of Education on July 9, 2009.

Charter school number authorized by the State: 1094

On June 19, 2013, the Governing Board of Endeavor College Preparatory Charter School approved to finalize the merger with Futuro College Preparatory Elementary School - Los Angeles, a California nonprofit public benefit corporation (the disappearing Corporation). Endeavor College Preparatory Charter School is the "Surviving Corporation".

The Charter School operates one location, which is located at 1263 S. Soto Street, Los Angeles, CA 90023. The Charter School opened on September 8, 2009, and currently serves approximately 630 students collectively, in transitional kindergarten through grade eight. The Charter School is a California public charter school, organized for the purpose of preparing students with the academic skills, character traits, and intellectual discipline to excel as leaders in high school, college, and their community.

Other Related Entities

Endeavor Facility Corp

During 2016, Endeavor Facility Corp, a separate 501(c)(3) corporation (the Corporation), was formed exclusively for the benefit of, to perform the functions of, or to carry out the purposes of, owning and operating community and school facilities. The Corporation is organized and operated exclusively for educational and charitable purpose as specified in Section 501(c)(3) of the Internal Revenue Service. The Corporation has no activity for the current year.

1241-1263 South Soto LLC

During 2018, Endeavor Facility Corp formed the 1241-1263 South Soto, LLC (the LLC) (exclusively for charitable purpose solely related to property and assets of the Endeavor Facility Corp), as specified in Section (c)(3) of the Internal Revenue Service.

Joint Powers Agency and Risk Management Pools

The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 15 to the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Charter School, the Corporation, and the LLC. All significant intracompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as The Charter School.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Cash

The Charter School 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.

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. At June 30, 2019, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the Charter School and reimbursement for those resources to the LLC.

Prepaid Expenses/Security Deposit

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period. Security deposits represent amounts paid per the rental agreement of facilities that will not be returned within one year and are recorded as non-current assets.

Property and Equipment

Fixed assets additions over \$1,000 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 5 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. Depreciation expense for the year ended June 30, 2019, for the Charter School and the LLC was \$71,652 and \$695,460, respectively.

The Charter School and the LLC reviews the carrying values of fixed assets 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, 2019.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

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 With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporarily 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. The Charter Schools and the LLC report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Charter School are derived principally from state and federal sources. The Charter School receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. The Charter School receives federal grants, which are paid through the California Department of Education or other state agencies. Revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met. Unrestricted support given by the state is recognized as revenue when received. Any such funds received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2019.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Functional Allocation of Expenses

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

Income Taxes

The Charter School and the Corporation are nonprofit public benefit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2015 and forward may be audited by regulatory agencies; however, the Charter School and the Corporation are not aware of any such actions at this time.

The Charter School and the Corporation have adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Contribution

The Charter School invested \$3,135,000 in a capital contribution to the LLC as an investment for the purchase and improvements of the building located at 1241-1263 South Soto Street in the City of Los Angeles, CA 90023 for its campus location, and the adjacent parking lot at 1226-1228 South Boyle Ave.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Recent Accounting Pronouncements

On June 21, 2018, the FASB completed its project on revenue-recognition of grants and contracts by not-for-profit entities by issuing Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in the Update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments in the Update:

- Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution
- Help an entity to evaluate whether contributions are conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation
- Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is not in the same period that revenue is recognized.

The ASU is effective for the Charter Schools for the year ended June 30, 2020. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Charter School and the Corporation in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Charter School and the Corporation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

As of July 1, 2019, the Charter School and the Corporation adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Charter School and the Corporation's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Charter School and the Corporation's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Charter School and the Corporation's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Charter School and the Corporation have elected not to present comparative information for these amendments.

The Charter School and the Corporation have adopted this standard as management believes the standard improves the usefulness and understandability of the Charter School and the Corporation's financial reporting.

Adjustments Resulting from Change in Accounting Policy

As disclosed above, the Charter School and the LLC adopted the provisions of ASU 2016-14, Presentation of Financial Statements for Not-For-Profit Entities as of June 30, 2019. Following is a summary of the effects of the change in accounting policy in the Charter School and the LLC's June 30, 2018 financial statements.

Charter School

Unrestricted - designated	\$ 287,439	\$ (287,439)	\$ -
Unrestricted - capital contribution	3,135,000	(3,135,000)	
Unrestricted	968,012	(968,012)	
Net assets without donor restrictions - designated	-	287,439	287,439
Net assets without donor restrictions - capital contribution	-	3,135,000	3,135,000
Net assets without donor restrictions	-	968,012	968,012
	<u>\$ 4,390,451</u>	<u>\$ -</u>	<u>\$ 4,390,451</u>

LLC

Unrestricted	\$ 2,741,386	\$ (2,741,386)	\$ -
Temporary restricted	61,249	(61,249)	-
Net assets without donor restrictions		2,741,386	2,741,386
Net assets with donor restrictions	-	61,249	61,249
	<u>\$ 2,802,635</u>	<u>\$ -</u>	<u>\$ 2,802,635</u>

Elimination

Unrestricted	\$ (3,135,000)	\$ 3,135,000	\$ -
Net assets without donor restrictions		(3,135,000)	(3,135,000)
	<u>\$ (3,135,000)</u>	<u>\$ -</u>	<u>\$ (3,135,000)</u>

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, comprise the following:

	<u>Charter School</u>	<u>LLC</u>	<u>Total</u>
Financial Assets:			
Cash and cash equivalents	\$ 534,803	\$ 176,723	\$ 711,526
Accounts receivable and other assets	1,282,736	-	1,282,736
Prepaid expenses and other current assets	<u>30,752</u>	<u>33</u>	<u>30,785</u>
Financial Assets, at year-end	<u>\$ 1,848,291</u>	<u>\$ 176,756</u>	<u>\$ 2,025,047</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,848,291</u>	<u>\$ 176,756</u>	<u>\$ 2,025,047</u>

NOTE 3 – CASH AND RESTRICTED CASH

Cash consist of the following at June 30, 2019.

	<u>Reported Amount</u>			<u>Bank Balance</u>
	<u>Charter School</u>	<u>LLC</u>	<u>Total</u>	
Current				
Cash on hand and in banks	<u>\$ 534,803</u>	<u>\$ 176,723</u>	<u>\$ 711,526</u>	<u>\$ 710,726</u>
Non-current restricted cash	<u>\$ -</u>	<u>\$ 99,312</u>	<u>\$ 99,312</u>	<u>\$ 99,312</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2019, the Charter School had \$193,741 deposits in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

Restricted cash are held for the purpose of covering major facility repairs as well as to cover tenants' rents. Restricted investments partially consist of money market funds which are carried at fair value in accordance with current accounting guidance.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2019

	Charter School
Local Control Funding Formula	\$ 675,122
Federal receivable	236,986
Other State receivable	291,331
Lottery receivable	66,218
Local receivable	13,079
Total	<u>\$ 1,282,736</u>

NOTE 6 - PREPAID EXPENSES

Prepaid expenses consist of the following at June 30, 2019.

	Charter School
Insurance, membership fees, and miscellaneous vendors	<u>\$ 30,752</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2019.

	Charter School	LLC	Total
Land	\$ -	\$ 6,342,000	\$ 6,342,000
Site improvements	365,816	-	365,816
Buildings	-	13,912,068	13,912,068
Leasehold improvements	544,557	-	544,557
Computer equipment	220,602	-	220,602
Furniture	13,435	-	13,435
Work in progress	1,124	-	1,124
Subtotal	<u>1,145,534</u>	<u>20,254,068</u>	<u>21,399,602</u>
Less: accumulated depreciation	<u>(134,313)</u>	<u>(1,101,372)</u>	<u>(1,235,685)</u>
Total Fixed Assets	<u>\$ 1,011,221</u>	<u>\$ 19,152,696</u>	<u>\$ 20,163,917</u>

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable consist of the following at June 30, 2019.

	Charter School	LLC	Total
Salaries and benefits	\$ 22,442	\$ -	\$ 22,442
Vendor payables	184,952	66,983	251,935
Vacation accruals	54,438	-	54,438
Due to LAUSD	5,232	-	5,232
Total Accounts Payable	<u>\$ 267,064</u>	<u>\$ 66,983</u>	<u>\$ 334,047</u>

NOTE 9 – DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2019.

	Charter School	LLC	Total
Federal Source	\$ 6,048	\$ -	\$ 6,048
Local Source	-	35,898	35,898
Total Deferred Revenue	<u>\$ 6,048</u>	<u>\$ 35,898</u>	<u>\$ 41,946</u>

NOTE 10 - LONG-TERM OBLIGATION

Notes Payable

During the 2015-2016 fiscal year, the Charter School entered into a loan agreement with Excellent Education Development. The Charter School received a loan in the amount of \$1,500,000. The loan bears an annual interest rate of 1.5 percent commencing on April 1, 2016, and continuing on the first day of each month thereafter. As of June 30, 2019, the balance was \$776,659.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Future payments are as follows:

Repayment Year	Principal	Interest	Total
2020	\$ 199,690	\$ 10,310	\$ 210,000
2021	202,733	7,267	210,000
2022	205,795	4,205	210,000
2023	136,407	1,593	138,000
2024	32,034	77	32,111
Total	<u>\$ 776,659</u>	<u>\$ 23,452</u>	<u>\$ 800,111</u>

During the 2017-2018 fiscal year, the LLC entered into a loan agreement with Low Income Investment Fund. The LLC received a loan in the amount of \$775,000. The loan bears an annual interest rate of 5.8 percent commencing on December 20, 2017, and continuing on the first day of each month thereafter until the maturity date of December 20, 2024. As of June 30, 2019, the balance was \$642,420.

Future payments are as follows:

Repayment Year	Principal	Interest	Total
2020	\$ 100,349	\$ 34,621	\$ 134,970
2021	106,326	28,643	134,969
2022	112,660	22,310	134,970
2023	119,371	15,599	134,970
2024	126,481	8,488	134,969
2025	77,233	1,481	78,714
Total	<u>\$ 642,420</u>	<u>\$ 111,142</u>	<u>\$ 753,562</u>

During the 2017-2018 fiscal year, the LLC entered into a loan agreement with ExED Facilities XIX, LLC. The LLC received a loan in the amount of \$11,712,409. The loan bears an annual interest rate of 4.60 percent on the unpaid principal beginning December 20, 2017. The entirety of the principal amount is due on the maturity date on December 20, 2024. As of June 30, 2019, the balance was \$11,712,409.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Future payments are as follows:

Repayment Year	Principal	Interest	Total
2020	\$ -	\$ 538,490	\$ 538,490
2021	-	538,490	538,490
2022	-	538,490	538,490
2023	-	538,490	538,490
2024	-	538,490	538,490
2025	11,712,409	252,791	11,965,200
Total	<u>\$ 11,712,409</u>	<u>\$ 2,945,241</u>	<u>\$ 14,657,650</u>

During the 2017-2018 fiscal year, the LLC entered into a loan agreement with ExED Facilities XIX, LLC. The LLC received a loan in the amount of \$4,960,091. The loan bears an annual interest rate of 4.60 percent. Accrued and unpaid interest only is payable in monthly installments on the first day of each month beginning December 20, 2017 through November 30, 2024. During the period commencing on December 1, 2024 through December 20, 2047, accrued and unpaid interest and principal is payable in monthly installments on the first day of each month, calculated based on two hundred seventy-six-month amortization schedule. As of June 30, 2019, the balance was \$4,960,091.

Future payments are as follows:

Repayment Year	Principal	Interest	Total
2020	\$ -	\$ 228,045	\$ 228,045
2021	-	228,045	228,045
2022	-	228,045	228,045
2023	-	228,045	228,045
2024	-	228,045	228,045
2025-2029	607,334	1,080,735	1,688,069
2030-2034	839,523	909,417	1,748,940
2035-2039	1,056,024	692,916	1,748,940
2040-2044	1,328,374	420,566	1,748,940
2045-2048	1,128,836	95,422	1,224,258
Total	<u>\$ 4,960,091</u>	<u>\$ 4,339,281</u>	<u>\$ 9,299,372</u>

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

NOTE 11 - OPERATING LEASE

The Charter School entered into a lease agreement with PCSD 1241 Soto LLC, in which the Charter School would occupy 1241 Soto Street, 1226 South Boyle Ave and 1228 South Boyle Ave located in the City of Los Angeles, CA 90023 for its campus locations. The term of the lease commences on the date the lease is mutually executed by the both parties and end on June 30 of the tenth (10th) calendar year following the commencement date. On December 20, 2017, the LLC purchased the property from PCSD 1241 Soto LLC and the Charter School signed a revised lease agreement with the LLC. The building was divided into two addresses in which the charter school would occupy 1263 S. Soto. The term of the lease commenced on December 20, 2017 and shall end on December 19, 2027. The lease agreement has two options to extend the terms for ten years each option. The Charter school also received a tenant allowance in the amount of \$180,000. As of June 30, 2019, the balance of the lease allowance was \$152,500. Lease expense and amortization of the lease allowance the for fiscal year 2018-2019 was \$594,000 and \$18,000, respectively.

Future lease payments are as follows:

Year Ending June 30,	Facility Lease Payments
2020	\$ 594,000
2021	594,000
2022	594,000
2023	594,000
2024	594,000
2025-2029	4,005,815
2030-2034	4,099,980
2035-2039	4,099,980
2040-2044	4,099,980
2045-2048	2,869,986
Total	<u>\$ 22,145,741</u>

NOTE 12 – LEASE REVENUE

On July 31, 2017, Schools In Action (a California Nonprofit Public Benefit Corporation) entered into an agreement with PCSD 1241 Soto LLC, in which School In Action would occupy a portion of location 1241 Soto Street. On December 20, 2017, the LLC purchased the property from PCSD 1241 Soto LLC and the LLC assumed the lease with Schools In Action under the existing terms. The lease agreement ends on July 2022. Upon assumption of the lease, the LLC received a security deposit in the amount of \$51,746. Lease revenue for fiscal year 2018-2019 was \$429,656.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Future lease revenues are as follows:

Year Ending June 30,	Lease Revenue
2020	\$ 396,798
2021	410,167
2022	423,536
Total	<u>\$ 1,230,501</u>

NOTE 13 - 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School 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

The Charter School 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, 2017, 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>.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

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 non-employer contributing entity to the STRP.

The Charter School 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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, Charter School 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, 2019, are presented above and the Charter School's total contributions were \$547,450.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$462,446 (9.828 percent of salaries subject to CalSTRS). Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on-behalf of school employers of \$2.2456 billion for CalSTRS. 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.

NOTE 14 - CONTINGENCIES

The Charter 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 reimbursement, if required, would not be material.

Litigation

The Charter School and the LLC has no outstanding claims or litigation.

NOTE 15 - PARTICIPATION IN JOINT POWERS AUTHORITY

The Charter School and the LLC are participants in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between The Charter School, the LLC and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School or the LLC for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE, the Charter School and the LLC are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2018-2019 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2019, the Charter School and the LLC made payments of \$102,616 and \$29,401, respectively to CharterSAFE for services received. At June 30, 2019, the Charter School and the LLC have no recorded accounts receivable or accounts payable to CharterSAFE.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - SUBSEQUENT EVENTS

The Charter School and the LLC's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 16, 2019, 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

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the California Department of Education			
No Child Left Behind			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 257,554
Title II, Part A, Supporting Effective Instruction			
Local Grants	84.367	14341	31,024
Title III, Limited English Proficiency	84.365	14346	4,038
Title IV, Part A, Drug Free Schools	84.186	14347	18,094
Special Education: IDEA Basic Local Assistance			
Entitlement, Part B, Section 611 (Formerly PL 94-142)	84.027	13379	<u>127,740</u>
Total U.S. Department of Education			<u>438,450</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child Nutrition Cluster:			
Especially Needy Breakfast	10.553	13526	130,982
National School Lunch Program	10.555	13524	<u>310,293</u>
Total Child Nutrition Cluster			<u>441,275</u>
Total U.S. Department of Agriculture			<u>441,275</u>
Total Federal Expenditures			<u><u>\$ 879,725</u></u>

See accompanying note to supplementary information.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019**

ORGANIZATION

The Charter School (Charter Number 1094) was granted on April 14, 2009, by the Los Angeles Unified School District. The Charter School operates one location, grades TK through eight.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Emilio Gonzalez	Chair	June 2022
Todd Sugimoto	Vice-Chair	June 2021
Manuel Romero	Treasurer	June 2022
Michelle Cheang	Secretary	July 2021
Brandon Ammann	Member	June 2020
Jorge Cham	Member (resigned 06/03/19)	June 2020
Lida Jennings	Member (resigned 06/01/19)	June 2021
James Lee	Member (Treasurer effective 7/1/19)	August 2021
Leticia Ochoa	Member (Secretary effective 7/1/19)	June 2020

ADMINISTRATION

Edward Morris	Executive Director (Founder effective 7/1/19)
Danielle Lukk	Principal (Head of School effective 7/1/19)

See accompanying note to supplementary information.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	276.42	277.42
Fourth through sixth	206.12	206.58
Seventh and eighth	130.85	130.59
Total Regular ADA	<u>613.39</u>	<u>614.59</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.62	0.60
Total Regular ADA	<u>614.01</u>	<u>615.19</u>
Classroom based ADA		
Transitional kindergarten through third	276.42	277.42
Fourth through sixth	206.12	206.58
Seventh and eighth	130.85	130.59
Total Classroom based ADA	<u>613.39</u>	<u>614.59</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.62	0.60
Total Classroom Based ADA	<u>614.01</u>	<u>615.19</u>

See accompanying note to supplementary information.

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	70,330	179	N/A	180
Grades 1 - 3	50,400				
Grade 1		64,220	179	N/A	180
Grade 2		64,410	179	N/A	180
Grade 3		64,410	179	N/A	180
Grades 4 - 6	54,000				
Grade 4		65,120	179	N/A	180
Grade 5		66,070	179	N/A	180
Grade 6		62,990	179	N/A	180
Grades 7 - 8	54,000				
Grade 7		62,610	179	N/A	180
Grade 8		62,610	179	N/A	180

See accompanying note to supplementary information.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019

See accompanying note to supplementary information.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Charter School has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the Charter School operated, 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 the Charter School. 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 various grade levels and in different programs.

Schedule of Instructional Time

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

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

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



**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
Endeavor College Preparatory Charter School
(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 Endeavor College Preparatory Charter School (the Charter School) and Endeavor Facility Corp (the Corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School and the Corporation'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 Charter School and the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School and the Corporation'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 Charter School and the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School and the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School and the Corporation'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 Charter School and the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 16, 2019



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

Governing Board
Endeavor College Preparatory Charter School
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Endeavor College Preparatory Charter School's (Charter School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major Federal programs for the year ended June 30, 2019. The Charter School's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 the Charter School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter 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 compliance for each major federal program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal Program

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Charter School 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 the Charter School'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 the Charter School'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.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 16, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Endeavor College Preparatory Charter School
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on State Compliance

We have audited Endeavor College Preparatory Charter School's (the Charter School) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Charter School's state government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's state programs based on our audit of the types of compliance requirements referred to above. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Charter School'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
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	Yes

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

The Charter School does not operate a before school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

ADA was below the threshold required testing; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 16, 2019



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.5553, 10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
---	-------------------

ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

**ENDEAVOR COLLEGE PREPARATORY SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

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