



Board of Directors  
Los Angeles Leadership Academy  
Los Angeles, CA

We have audited the financial statements of Los Angeles Leadership Academy (the School) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 24, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Los Angeles Leadership Academy are described in Note 1 to the financial statements.

As described in Note 1, the Organization changed accounting policies related to the change in accounting principle by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020.

No new accounting policies were adopted and the application of existing policies was not changed during 2020, other than that noted above.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties encountered in performing the audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Uncorrected misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Corrected misstatements**

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

**Disagreements with management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

**Management representations**

We have requested certain representations from management that are included in the management representation letter dated November 24, 2020.

**Management consultations with other independent accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Significant issues discussed with management prior to engagement**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Other information in documents containing audited financial statements**

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method

of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 24, 2020.

With respect to the specific charter school columns on the statements of financial position, activities, and cash flows, the Local Education Agency Organization Structure, Schedule of Instructional Time, Schedule of Average Daily Attendance, and Reconciliation of Annual Financial Report with Audited Financial Statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 24, 2020.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

**Recent accounting standards**

Our promise is to get to know you and help you. For your consideration, we provided recent accounting standards applicable to your entity.

Leases –

- Effective for fiscal years beginning after December 15, 2019 for public entities and December 15, 2021 for nonpublic entities. For your entity – June 30, 2023's financial statements.
- Requires lessees to recognize the assets and liabilities arising from all leases on the statement of financial position.
- A lessee should recognize the liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.
- Continued differentiation between finance and operating leases.

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This communication is intended solely for the information and use of the board of directors and management of Los Angeles Leadership Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Glendora, CA  
November 24, 2020

Uncorrected Misstatements – Passed Adjustments

| Account   |                                       | Description | Debit             | Credit            |
|---|---------------------------------------|-------------|-------------------|-------------------|
| <b>Proposed Journal Entries</b>                             |                                       |             |                   |                   |
| <b>Proposed Journal Entries JE # 2</b>                      |                                       |             |                   |                   |
| To record accumulated and current deferred rent liability . |                                       |             |                   |                   |
| 20-9760   | Fund Balance                          |             | 164,000.00        |                   |
| 20-5610   | Rent                                  |             |                   | 48,000.00         |
| 20-9501   | Accrued Accounts Payable              |             |                   | 116,000.00        |
| <b>Total</b>  |                                       |             | <b>164,000.00</b> | <b>164,000.00</b> |
|   |                                       |             |                   |                   |
|   | <b>Total Proposed Journal Entries</b> |             | <b>164,000.00</b> | <b>164,000.00</b> |
|   |                                       |             |                   |                   |

- Tentative Report  
 For Discussion Purposes Only  
 Subject to Revision