

EDNOVATE, INC.
**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2021 AND 2020

**EDNOVATE SUPPORT TEAM
PMC SUPPORT CORPORATION**

CHARTER SCHOOLS:

**USC HYBRID HIGH SCHOOL – 1401
EAST COLLEGE PREP – 1702
LEGACY COLLEGE PREP – 1798
BRIO COLLEGE PREP – 1843
ESPERANZA COLLEGE PREP – 1842 EDNOVATE
SOUTH LA COLLEGE PREP – 2087**

**PLANNING TO OPEN IN AUGUST 2022: EDNOVATE
COLLEGE PREP 6 – 2086**



**WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ednovate, Inc.
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ednovate, Inc., (a California Nonprofit Public Benefit Corporation) (the School), which are comprised of the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the consolidated 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 School'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2021, and 2020, and the changes in its net assets, and its cash flows thereof for the years 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 consolidated financial statements as a whole. The accompanying 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 accompanying supplementary schedules as identified in the table of contents (collectively, Supplementary Information) are the responsibility of management, and were derived from, and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the consolidated 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 6, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 6, 2021

EDNOVATE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,020,032	\$ 8,151,735
Accounts Receivable	13,717,810	4,932,976
Prepaid Expenses	792,815	356,162
Total Current Assets	21,530,657	13,440,873
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	1,127,511	1,092,222
Security Deposit	-	126,034
Property and Equipment	49,954,037	50,252,823
Total Noncurrent Assets	51,081,548	51,471,079
Total Assets	\$ 72,612,205	\$ 64,911,952
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 3,281,987	\$ 2,255,046
Deferred Revenue	1,288,845	155,281
Current Portion of Long-Term Debt	3,889,258	2,965,834
Total Current Liabilities	8,460,090	5,376,161
LONG-TERM LIABILITIES		
Deferred Rent Liability	166,199	120,316
Noncurrent Portion of Long-Term Debt	48,048,757	51,027,986
Total Long-Term Liabilities	48,214,956	51,148,302
Total Liabilities	56,675,046	56,524,463
NET ASSETS		
Without Donor Restrictions	14,964,891	7,234,957
With Donor Restrictions	972,268	1,152,532
Total Net Assets	15,937,159	8,387,489
Total Liabilities and Net Assets	\$ 72,612,205	\$ 64,911,952

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Control Funding Formula	\$ 26,058,558	\$ -	\$ 26,058,558
Federal Revenue	5,483,898	-	5,483,898
Other State Revenue	4,026,381	-	4,026,381
Interest Revenue	45,184	-	45,184
Contributions and Fundraising	1,756,574	364,837	2,121,411
Other Revenue	76,818	-	76,818
Net Assets Released from Restrictions	545,101	(545,101)	-
Total Revenues	37,992,514	(180,264)	37,812,250
EXPENSES			
Program Services	25,617,464	-	25,617,464
Management and General	4,482,996	-	4,482,996
Fundraising	162,120	-	162,120
Total Expenses	30,262,580	-	30,262,580
CHANGE IN NET ASSETS	7,729,934	(180,264)	7,549,670
Total Net Assets - Beginning of Year	7,234,957	1,152,532	8,387,489
TOTAL NET ASSETS - END OF YEAR	\$ 14,964,891	\$ 972,268	\$ 15,937,159

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Control Funding Formula	\$ 21,460,303	\$ -	\$ 21,460,303
Federal Revenue	2,405,462	-	2,405,462
Other State Revenue	3,123,604	-	3,123,604
Interest Revenue	110,257	-	110,257
Contributions and Fundraising	2,579,389	1,152,532	3,731,921
Other revenue	121,764	-	121,764
Net Assets Released from Restrictions	-	-	-
Total Revenues	29,800,779	1,152,532	30,953,311
EXPENSES			
Program Services	24,614,109	-	24,614,109
Management and General	5,768,738	-	5,768,738
Fundraising	245,221	-	245,221
Total Expenses	30,628,068	-	30,628,068
CHANGE IN NET ASSETS	(827,289)	1,152,532	325,243
Total Net Assets - Beginning of Year	8,062,246	-	8,062,246
TOTAL NET ASSETS - END OF YEAR	\$ 7,234,957	\$ 1,152,532	\$ 8,387,489

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 14,778,531	\$ 1,622,436	\$ 147,576	\$ 16,548,543
Professional Services	1,320,271	1,430,237	-	2,750,508
Advertising and Promotion	-	263,200	-	263,200
Occupancy	3,048,861	114,723	10,435	3,174,019
Office Expenses	1,645,301	107,102	-	1,752,403
Insurance	-	292,336	-	292,336
Travel	31,386	91	-	31,477
Interest	1,816,857	423,045	-	2,239,902
Depreciation	1,274,986	-	-	1,274,986
Student Nutrition	272,759	-	-	272,759
Instructional Materials	420,586	-	-	420,586
Other Expenses	1,007,926	229,826	4,109	1,241,861
Total Functional Expenses	<u>\$ 25,617,464</u>	<u>\$ 4,482,996</u>	<u>\$ 162,120</u>	<u>\$ 30,262,580</u>

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 14,053,644	\$ 2,533,704	\$ 212,576	\$ 16,799,924
Professional Services	1,270,143	1,129,334	-	2,399,477
Advertising and Promotion	161,217	74,396	-	235,613
Occupancy	3,288,717	566,580	29,236	3,884,533
Office Expenses	1,416,595	268,593	-	1,685,188
Insurance	-	172,059	-	172,059
Travel	145,952	333	-	146,285
Interest	1,697,476	225,516	-	1,922,992
Depreciation	1,297,677	89,159	-	1,386,836
Student Nutrition	462,631	-	-	462,631
Instructional Materials	355,072	-	-	355,072
Other Expenses	464,985	709,064	3,409	1,177,458
Total Functional Expenses	<u>\$ 24,614,109</u>	<u>\$ 5,768,738</u>	<u>\$ 245,221</u>	<u>\$ 30,628,068</u>

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,549,670	\$ 325,243
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,274,986	1,386,836
Loss on Disposal of Property and Equipment	-	1,249
Amortization of Debt Issue Costs, Premium/Discount	45	45
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(8,784,834)	(1,861,332)
Prepaid Expenditures	(436,653)	(224,886)
Security Deposits	126,034	4,167
Accounts Payable	1,026,941	11,443
Deferred Revenue	1,133,564	155,281
Deferred Rent Liability	45,883	120,316
Net Cash Provided (Used) by Operating Activities	1,935,636	(81,638)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(976,200)	(15,080,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Proceeds	1,284,986	6,033,265
Loan Principal Payments	(3,340,836)	(429,402)
Net Cash Provided (Used) by Financing Activities	(2,055,850)	5,603,863
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,096,414)	(9,558,547)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	9,243,957	18,802,504
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 8,147,543	\$ 9,243,957
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 7,020,032	\$ 8,151,735
Restricted Cash and Cash Equivalents	1,127,511	1,092,222
Total Cash and Cash Equivalents	\$ 8,147,543	\$ 9,243,957
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest (Net of Capitalized Interest)	\$ 2,239,902	\$ 1,925,042
Capitalized Interest	\$ -	\$ 452,873

See accompanying Notes to Consolidated Financial Statements.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION AND MISSION

Ednovate Inc.

Ednovate, Inc., (the School) was formed during 2011 as a California nonprofit public benefit corporation. The School operates USC Hybrid High School (USC Hybrid), East College Prep (East), Legacy College Prep (Legacy), Brio College Prep (Brio), Esperanza College Prep (Esperanza), and Ednovate South LA College Prep (South LA). The School has also been approved for an additional charter, Ednovate College Prep 6, which will open in the 2022-2023 school year. The mission of all schools is for students to use their college degrees and careers to make a positive multi-generational change, with a goal of 100% of students being accepted into a four-year university with a 90% persistence rate after their freshman year of college.

USC Hybrid High School

Charter School number authorized by the State: 1401

On September 1, 2012, the School welcomed its first students to USC Hybrid. USC Hybrid is located in Los Angeles, California at 3939 S Vermont Ave., and for the year ended June 30, 2021 served approximately 545 students in grades nine through twelve. USC Hybrid petitioned through Los Angeles Unified School District (LAUSD) for a charter and was approved on December 6, 2011, for a period of five years ending in 2017. On December 13, 2016, USC Hybrid High was approved for a five-year charter renewal. The renewal period goes through June 30, 2022. USC Hybrid was numbered by the State of California Department of Education on February 8, 2012.

East College Prep

Charter School number authorized by the State: 1702

On August 10, 2015, the School welcomed its first students to East. East is currently located at 3825 N. Mission Road, in Los Angeles, California. For the year ended June 30, 2021, East served approximately 385 students in grades nine through twelve. East's charter was approved on June 10, 2014 with LAUSD, for a period of five years ending in 2020. On September 24, 2019, East was approved for a five-year charter renewal.

Legacy College Prep

Charter School number authorized by the State: 1798

The School welcomed its first students to Legacy on August 8, 2016, during the 2017 fiscal year. Legacy is located in Santa Ana, California at 1450 E. 17th St. For the year ended June 30, 2021, Legacy served approximately 340 students in grades nine through twelve. Legacy' current charter through the Orange County Department of Education expires June 30, 2026.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION AND MISSION (CONTINUED)

Brio College Prep

Charter School number authorized by the State: 1843

The School welcomed its first students to Brio College Prep on August 7, 2017, during the 2018 fiscal year. Brio is located in Los Angeles, California at 350 S Figueroa St, Suite 100. For the year ended June 30, 2021, Brio served approximately 425 students in ninth through twelfth grade. Brio petitioned for a charter through LAUSD and was approved on April 12, 2016, for a period of five years ending in 2022.

Esperanza College Prep

Charter School number authorized by the State: 1842

The School welcomed its first students to Esperanza College Prep on August 7, 2017, during the 2018 fiscal year. Esperanza is located across two sites in Los Angeles, California, at both 319 N. Humphreys Avenue (for 9th and 11th grade students) and 4545 E. Dozier St. (for 10th graders). For the year ended June 30, 2021, Esperanza served approximately 470 students in ninth through twelfth grade. Esperanza petitioned for a charter through LAUSD and was approved on April 12, 2016, for a period of five years ending in 2022.

Ednovate South LA College Prep

Charter School number authorized by the State: 2087

On April 2, 2019, the Los Angeles Unified School District (LAUSD) Board of Education voted to approve Ednovate South LA College Prep for 5 years, beginning July 1, 2020, until June 30, 2025. South LA is located in Los Angeles, California at 700 Wilshire Blvd, Ste. 300. For the year ended June 30, 2021, the South LA served approximately 130 students in ninth grade.

Ednovate College Prep 6

Charter School number authorized by the State: 2086

On April 2, 2019, the Los Angeles Unified School District (LAUSD) Board of Education voted to approve Ednovate College Prep 6 for 5 years, beginning July 1, 2020, until June 30, 2025. This campus is planning on welcoming its first class of ninth graders in the 2022-2023 school year.

Ednovate Support Team

Ednovate Support Team (the Support Team) performs administrative support provided to the individual schools and accounted for separately within the consolidated financial statements. The Support Team charges each school a management fee based on a percentage of public revenues received by the school.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION AND MISSION (CONTINUED)

PMC Support Corporation

PMC Support Corporation (PMC) was formed during 2015 as a California nonprofit public benefit corporation. The specific purpose of PMC is to be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Ednovate Inc., a California nonprofit public benefit corporation.

PMC Support Corporation is the sole member of three Limited Liability Companies, PMC 17th Street LLC, PMC North Mission Road LLC, PMC Vermont LLC, and PMC Atlantic LLC (the LLCs). These LLCs are special purposes entities formed for the purpose holding property.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by the School are described below to enhance the consolidated financial statements.

Financial Statement Presentation

The School is required to report information about its financial position and activities in two classes of net assets: with and without donor restrictions.

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the consolidated financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which they are incurred.

Revenue Recognition

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

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenue in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the School had conditional grants of \$21,989,503 of which \$1,176,095 is reported as deferred revenue on the statement of financial position. As of June 30, 2020, the School had conditional grants of \$14,715,327.

Income Taxes

The School and PMC 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 and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). They are 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 have been reflected in these consolidated financial statements.

The School has 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 consolidated 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 consolidated financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2021, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The School has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

It is the School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over five to seven years. Depreciation expense for the year ended June 30, 2021 was \$1,274,986.

Donated Services, Goods, and Facilities

A number of volunteers have donated their time and experience to the School's program services and fundraising campaigns during the year. The School has also benefited from the in-kind donation of services from the following: the University of Southern California and the Rossier School of Education in the form of support with external communications and real estate and Reed Smith LLP in the form of pro bono legal services provided for various corporate and governance matters. These donated services are not reflected in the consolidated financial statements since they do not meet recognition criteria under accounting principles generally accepted in the United States of America.

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented on a natural and functional basis in the statement of activities. Certain categories of expenses are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, and depreciation which were allocated based on estimates of time and effort of personnel.

Consolidation

The consolidated financial statements include the accounts of Ednovate, Inc. and its wholly owned subsidiary, PMC Support Corporation (a California nonprofit public benefit corporation formed exclusively to support Ednovate Inc.), and its single member limited liability company subsidiaries: PMC Vermont LLC; PMC North Mission Road LLC; and PMC 17th Street LLC. All material intercompany transactions have been eliminated.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 6, 2021, the date these financial statements were available to be issued.

NOTE 3 CONCENTRATION OF CREDIT RISK

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The School's cash in bank deposit accounts that at times may exceed federally insured limits. The School has not experienced any losses in such accounts. And management believes the School is not exposed to any significant risk related to cash.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 7,020,032	\$ 8,151,735
Accounts Receivable	13,717,810	4,932,976
Total	<u>\$ 20,737,842</u>	<u>\$ 13,084,711</u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 5 RESTRICTED CASH AND CASH EQUIVALENTS

The School's restricted cash and cash equivalents as of June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash Pledged as Security for Notes Payable	\$ 125,000	\$ 125,000
Cash Held for Bond Reserve	1,002,511	967,222
Total	<u>\$ 1,127,511</u>	<u>\$ 1,092,222</u>

NOTE 6 FIXED ASSETS

Fixed assets at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Construction in Progress	\$ 1,790,352	\$ 1,184,943
Land and Improvements	10,171,207	10,171,207
Buildings and Improvements	40,033,781	39,769,644
Equipment	868,739	813,201
Furniture and Fixtures	227,642	176,526
Subtotal	<u>53,091,721</u>	<u>52,115,521</u>
Less: Accumulated Depreciation and Amortization	<u>(3,137,684)</u>	<u>(1,862,698)</u>
Total Property and Equipment	<u>\$ 49,954,037</u>	<u>\$ 50,252,823</u>

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 LONG-TERM INTERCOMPANY RECEIVABLES

Ednovate, Inc. on behalf of USC Hybrid, entered into a loan agreement with NMTC Ednovate Hybrid High Investment Fund, LLC, in which Ednovate, Inc. shall lend NMTC Ednovate Hybrid High Investment Fund, LLC \$1,675,000, with an interest rate of 1.00%. The loan has a maturity date of October 6, 2047. At June 30, 2021, the remaining balance was \$1,675,000.

Ednovate, Inc. on behalf of East, entered into a loan agreement with Twain Investment Fund 316, LLC, in which Ednovate, Inc. and East shall lend Twain Investment Fund 316, LLC a total of \$2,700,000, with an interest rate of 1.00%. The loan has a maturity date of October 10, 2048. At June 30, 2021, the remaining balance was \$2,700,000.

Each of these notes was used by the borrower to lend to an LLC of which PMC is the sole member. As such these notes receivable and the corresponding LLC note payable has been eliminated in the consolidated financial statements.

East, Legacy, and Brio each have contributions receivable from the Support Team for \$500,000, \$1,200,000, and \$185,000, respectively. The collective remaining balance as of June 30, 2021 was \$1,885,000. These contributions receivable are to be paid over the next ten years and, as intercompany transactions, have been eliminated in the consolidated financial statements.

Future maturities of intercompany receivables are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 188,500
2023	188,500
2024	188,500
2025	188,500
2026	188,500
Thereafter	5,129,000
Total	<u>\$ 6,071,500</u>

NOTE 8 LONG-TERM DEBT

Long-term debt as of June 30 is comprised of the following:

<u>Description</u>	<u>Site</u>	<u>Balance at June 30, 2021</u>	<u>Balance at June 30, 2020</u>
\$2,000,000 unsecured note payable at 2.75% due on December 31, 2024.	Support Team	\$ 2,000,000	\$ 2,000,000
\$500,000 unsecured recoverable grant at 0.0% due on August 1, 2025.	Support Team	500,000	500,000
\$125,000 unsecured note payable at 2.75% due on January 15, 2022.	Support Team	125,000	125,000
\$2,813,265 Paycheck Protection Program (PPP) Loan (see Note 10).	Support Team	2,813,265	2,813,265

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

Description	Site	Balance at June 30, 2021	Balance at June 30, 2020
\$420,000 unsecured program related investment loan bearing interest at 1.0% maturing on April 30, 2021.	Support Team	\$ -	\$ 385,160
\$300,000 unsecured program related investment loan bearing interest at 0.0% interest and maturing on November 30, 2021.	Support Team	300,000	300,000
\$3,000,000 secured Line of Credit bearing interest at 4.75% maturing on September 1, 2021 (see Note 11).	Support Team	-	2,500,000
\$2,695,000 unsecured construction loan payable at 2.0% maturing on October 6, 2024.	Support Team	1,034,986	-
\$250,000 unsecured revolving loan payable at .39% maturing on January 31, 2025.	South LA	250,000	-
\$250,000 unsecured revolving loan payable at .33% maturing on March 31, 2021.	East	-	50,000
\$2,192,400 unsecured construction loan at 2.0% maturing on October 10, 2025.	East	2,042,244	2,132,927
\$250,000 unsecured revolving loan payable at 1.12% maturing on March 31, 2023.	Brio	100,000	150,000
\$250,000 unsecured revolving loan payable at 1.12% maturing on March 31, 2023.	Esparanza	100,000	150,000
\$250,000 unsecured revolving loan payable at .58% maturing on March 31, 2022.	Legacy	50,000	100,000
\$100,000 unsecured note payable at 1.0% maturing on June 30, 2022.	Legacy	100,000	100,000
\$700,000 unsecured note payable at 1.0%, maturing on October 6, 2024.	USC Hybrid	448,519	543,516
Three \$15,675,000 NMTC loan agreements secured by a deed of trust and assignment of leases and rents. The loans bear interest at 4.07% and mature on October 6, 2024 and October 6, 2047.	Vermont LLC	15,675,000	15,675,000
Three \$15,690,000 NMTC loan agreements secured by a deed of trust and assignment of leases and rents. The loans bear interest at 4.30% and mature on October 10, 2025 and October 10, 2048 (see Note 9).	N Mission Rd LLC	15,690,000	15,690,000
\$15,155,000 bonds payable secured by a deed of trust and assignment of rents. The bonds are recorded at a premium and net of costs of issuance. The bonds bear interest at 5.0% and mature on June 1, 2056 (see Note 9).	17th Street LLC	15,085,000	15,155,000
Unamortized bond premium		568,193	568,224
Unamortized costs of issuance		<u>(569,192)</u>	<u>(569,272)</u>
Subtotal		56,313,015	58,368,820
Less: Eliminations		<u>(4,375,000)</u>	<u>(4,375,000)</u>
Total		<u>\$ 51,938,015</u>	<u>\$ 53,993,820</u>

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

Future maturities for long-term debt are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 3,961,087
2023	974,673
2024	915,422
2025	11,900,478
2026	11,057,755
Thereafter	23,129,599
Bond Premium	568,193
Costs of Issuance	(569,192)
Total	<u>\$ 51,938,015</u>

NOTE 9 NEW MARKETS TAX CREDIT

The School through its special purpose entities entered into New Markets Tax Credit financing arrangements in which two special purpose entity LLCs obtained financing in order to acquire, construct, and or remodel facilities for two of Ednovate's charter schools. The financing agreements require interest only payments for the first seven years, then after the seven year period, have balloon payments and/or amortized principal and interest payments through maturity. The leases are structured so that the lease payments made by the individual school sites pay the debt service on the notes payable and additional reserves that are required by the financing agreement covenants or to maintain the properties. The financing and related leases are designed with the expectation that after the initial seven year interest only period, the notes payable will be refinanced and that the leases will be rewritten to align with the refinanced debt service requirements.

The intercompany components of these transactions have been eliminated in the consolidated financial statements but can be seen in the supplementary schedules showing the financial statements of the individual schools and LLCs.

The special purpose entity lessor, financing amount, seven year interest only period expiration and school involved in each New Markets Tax Credit transaction as of June 30, 2021 are as follows:

<u>Special Purpose Lessor</u>	<u>Financing Amount</u>	<u>Interest Only Period Ends</u>	<u>Lease with School Site</u>
PMC Vermont LLC	\$ 15,675,000	Sept. 1, 2024	USC Hybrid
PMC North Mission Road LLC	15,690,000	Oct. 10, 2025	East

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN

On May 13, 2020, the School received a loan from a financial institution in the amount of \$2,813,265 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in September 2021 principal and interest payments will be required through the maturity date in May 2022.

NOTE 11 LINE OF CREDIT

In June 2020, the School obtained a \$3,000,000 line of credit to assist with cash flow needs. The note bears a variable interest rate of 4.5% plus the interest rate on one year U.S. Treasury Bills (as of June 30, 2021 the applicable interest rate was 4.75%). The entire balance is due at maturity on September 1, 2021. There was no outstanding balance as of June 30, 2021.

In November 2021, this line of credit was extended to October 1, 2022.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Subject to Specific Purpose:		
Annual Staff Event	\$ 14,837	\$ 13,500
Facility Renovation	-	32,965
Curriculum Development	387,500	150,000
Special Education	469,931	956,067
Total Subject to Specific Purpose	<u>872,268</u>	<u>1,152,532</u>
Subject to Passage of Time	100,000	-
Total Net Assets with Donor Restrictions	<u>\$ 972,268</u>	<u>\$ 1,152,532</u>

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 OPERATING LEASES

The School has various has operating leases for the school sites and office space. Rent expense (net of eliminations) for the year ended June 30, 2021 was \$1,647,647.

The future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Lease Payments</u>	<u>Intercompany Eliminations</u>	<u>Consolidated Total</u>
2022	\$ 3,502,990	\$ (2,266,866)	\$ 1,236,124
2023	3,549,598	(2,281,566)	1,268,032
2024	3,588,862	(2,282,789)	1,306,073
2025	3,206,034	(3,096,930)	109,104
2024	3,426,709	(3,426,709)	-
Thereafter	53,621,887	(53,621,887)	-
Total	<u>\$ 70,896,080</u>	<u>\$ (66,976,747)</u>	<u>\$ 3,919,333</u>

NOTE 14 EMPLOYEE RETIREMENT

403(b) Plan

The School has a 403(b) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. The School matches employee contributions based upon criteria set forth in the plan up to percentage of compensation. The School's matching contributions to the plan for the year ended June 30, 2021 totaled \$204,432.

State Teachers' Retirement System (STRS)

Qualified employees of USC Hybrid are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

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

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 14 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2020 total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2021 was 19.1% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ended June 30,</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>
2019	\$ 307,757	100%
2020	367,529	100%
2021	312,458	100%

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 PARTICIPATION IN JOINT POWERS AUTHORITY

The School is a participant in the California Corporations Joint Powers Authority (CCS-JPA) dba: CharterSAFE for risk management services for workers' compensation insurance and general liability insurance. The relationship between the School and CharterSAFE is such that CharterSAFE is not considered a component unit of the School 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 consolidated financial statements; however, transactions between CharterSAFE and the School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2020-2021 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2021, the School made payments of \$450,742 to CharterSAFE for services received. At June 30, 2021, the School had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 16 COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

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

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

EDNOVATE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 17 RELATED PARTIES

Two of the School's board members are officers in other nonprofit organizations that do business with the School. One is the CEO of KIPP SoCal Public Schools with which the School entered into a lease for the period of August 1, 2020 through July 31, 2021. The School paid \$131,940 and \$80,314 in lease expense to KIPP SoCal Public Schools in the years ended June 30, 2021 and 2020, respectively. Another board member is an officer of Charter School Growth Fund (CSGF) from which the School has loan financing with balances of \$2,525,000 and \$2,225,000 as of June 30, 2021 and 2020, respectively and interest payments of \$59,436 for the year ended June 30, 2021. The School received grants from CSGF in the amount of \$342,424 and \$150,000 for the years ended June 30, 2021 and 2020, respectively. The School also has conditional grants from Charter School Growth Fund totaling \$2,780,000 as of June 30, 2021 and 2020 to be received and recognized in future years as milestones are met.

NOTE 18 SUBSEQUENT EVENTS

In November 2021, the School's \$3,000,000 line of credit was extended to October 1, 2022.

On July 1, 2021 the School's PPP loan in the amount of \$2,813,265 was forgiven by the Small Business Administration along with \$31,755 in accrued interest.

In August 2021 the School obtained a construction and permanent loan from a financial institution for up to \$10,825,000. The loan initially carries an interest rate of 3.14% and requires monthly interest payments starting October 1, 2021 through September 1, 2022. Commencing on October 1, 2022, monthly principal and interest payments are required based on a 25-year amortization. On December 1, 2024, the interest rate will be adjusted to the higher of 3.10% or the mid-market semi-annual swap rate for USD swap transactions with a maturity of two years on the Bloomberg USD SWAP SEMI 30/360 2 YR screen plus 2.6%.

In July 2021, the School's conditional grant from Great Public Schools Now was reduced from \$4,500,000 to the \$1,500,000 already received.

**EDNOVATE, INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2021**

Organization

Ednovate, Inc. (the School) operates five Charter Schools:

- USC Hybrid High School (Charter Number 1401) was granted on December 6, 2011, by the Los Angeles Unified School District.
- East College Prep (Charter Number 1702) was granted on June 10, 2014, by the Los Angeles Unified School District.
- Legacy College Prep (Charter Number 1798) was granted on February 10, 2015, by the Orange County Department of Education.
- Brio College Prep (Charter Number 1843) was granted on April 12, 2016, by Los Angeles Unified School District, and Esperanza College Prep (Charter Number 1842) was granted on April 12, 2016, by Los Angeles Unified School District.
- South Los Angeles (Charter Number 2087) was granted on April 2, 2019, by Los Angeles Unified School District.

Governing Board

<u>Member</u>	<u>Office</u>	<u>2-Year Term Expires</u>
Karen Gallanger	Chair	June 2023
Elliot Sainer	Secretary and Treasurer	June 2022
Marcia Aaron	Member	June 2022
Rich Billings	Member	June 2023
Kate Hirsh	Member	June 2023
Tammy Anderson	Member	June 2022
Michael Porter	Member	December 2022
Pauline Fisher	Member	June 2022

Administration

Oliver Sicat	Chief Executive Officer
Katherine Hart	Chief Operating Officer
OluMide Macaulay	Chief of Schools
Jesse Noonan	Chief Academic Officer
Kara McGuire	Chief of Staff
Jenny Aguas	Director of Family Engagement and Strategy
Rachel DeRogatis	Principal, USC Hybrid High School
Andrew Goltermann	Principal, East College Prep
Evelyn Castro	Principal, Legacy College Prep
Sarah Tenorio	Principal, Brio College Prep
Rosa Alanis	Principal, Esperanza College Prep
Allyson Wright	Principal, South LA College Prep

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021

Grade Level	Number of Days			Status
	Traditional Calendar	Track A	Track B	
USC Hybrid High School				
Grades 9 - 12				
Grade 9	N/A	180	180	In Compliance
Grade 10	N/A	180	180	In Compliance
Grade 11	N/A	180	180	In Compliance
Grade 12	N/A	180	180	In Compliance
East College Prep				
Grades 9 - 12				
Grade 9	N/A	180	180	In Compliance
Grade 10	N/A	180	180	In Compliance
Grade 11	N/A	180	180	In Compliance
Grade 12	N/A	180	180	In Compliance
Legacy College Prep				
Grades 9 - 12				
Grade 9	N/A	180	180	In Compliance
Grade 10	N/A	180	180	In Compliance
Grade 11	N/A	180	180	In Compliance
Grade 12	N/A	180	180	In Compliance
Brio College Prep				
Grades 9 - 12				
Grade 9	N/A	180	180	In Compliance
Grade 10	N/A	180	180	In Compliance
Grade 11	N/A	180	180	In Compliance
Grade 12	N/A	180	180	In Compliance
Esperanza College Prep				
Grades 9 - 12				
Grade 9	N/A	180	180	In Compliance
Grade 10	N/A	180	180	In Compliance
Grade 11	N/A	180	180	In Compliance
Grade 12	N/A	180	180	In Compliance
South LA College Prep				
Grade 9	N/A	180	N/A	In Compliance

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	<u>USC Hybrid</u>	<u>East</u>	<u>Legacy</u>	<u>Brio</u>	<u>Esperanza</u>	<u>South LA</u>
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 6,164,772	\$ 1,682,331	\$ 1,603,078	\$ 1,299,106	\$ 2,832,822	\$ 413,730
Adjustments and Reclassifications:						
Increase (Decrease) of Fund Balance (Net Assets):						
Accounts Receivable	-	(900)	-	(32,901)	-	-
Prepaid Expenses and Other Assets	-	900	-	32,901	-	-
Property, Plant, and Equipment, Net	(847)	-	-	(1,596)	-	(22,310)
Accounts Payable and Accrued Liabilities	(66,164)	(62,638)	(3,180)	(56,088)	(31,934)	5,688
Deferred Rent Liability	-	-	-	(7,302)	-	-
Deferred Revenue	-	-	-	7,302	-	-
Current Portion of Long-Term Debt	(80)	-	-	-	-	-
Noncurrent Portion of Long-Term Debt	80	-	-	-	-	-
Net Adjustments and Reclassifications	<u>(67,011)</u>	<u>(62,638)</u>	<u>(3,180)</u>	<u>(57,684)</u>	<u>(31,934)</u>	<u>(16,622)</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 6,097,761</u>	<u>\$ 1,619,693</u>	<u>\$ 1,599,898</u>	<u>\$ 1,241,422</u>	<u>\$ 2,800,888</u>	<u>\$ 397,108</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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 California Department of Education (CDE):			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14981	\$ 819,425
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	96,868
Title III, English Learner Student Program	84.365	14346	30,753
Special Education: IDEA Basic Local Assistance			
Entitlement, Part B, Section 611	84.027	13379	400,869
Education Stabilization Fund	84.425	15536	714,900
Total Passed through CDE			<u>2,062,815</u>
Charter Schools Grant Program	84.282M	N/A	<u>1,184,060</u>
Total U.S. Department of Education			3,246,875
U.S. Department of the Treasury			
Passed through CDE:			
Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>1,997,902</u>
Total U.S. Department of the Treasury			1,997,902
U.S. Department of Agriculture			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	<u>239,121</u>
Total U.S. Department of Agriculture			<u>239,121</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,483,898</u></u>

N/A - Not applicable or not available

EDNOVATE, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	<u>Ednovate</u>	<u>PMC Support Corporation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 6,274,457	\$ 745,575	\$ -	\$ 7,020,032
Accounts Receivable	13,655,888	61,922	-	13,717,810
Intercompany Receivable	1,000	217	(1,217)	-
Prepaid Expenses	791,035	1,780	-	792,815
Total Current Assets	<u>20,722,380</u>	<u>809,494</u>	<u>(1,217)</u>	<u>21,530,657</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	125,000	1,002,511	-	1,127,511
Long-Term Intercompany Receivable	4,375,000	-	(4,375,000)	-
Capital Contribution	4,965,000	-	(4,965,000)	-
Deferred Rent Asset	-	1,627,701	(1,627,701)	-
Property and Equipment	3,179,938	46,774,099	-	49,954,037
Total Noncurrent Assets	<u>12,644,938</u>	<u>49,404,311</u>	<u>(10,967,701)</u>	<u>51,081,548</u>
Total Assets	<u>\$ 33,367,318</u>	<u>\$ 50,213,805</u>	<u>\$ (10,968,918)</u>	<u>\$ 72,612,205</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 3,096,777	\$ 185,210	\$ -	\$ 3,281,987
Intercompany Payable	217	1,000	(1,217)	-
Deferred Revenue	1,176,095	112,750	-	1,288,845
Current Portion of Long-Term Debt	3,739,258	150,000	-	3,889,258
Total Current Liabilities	<u>8,012,347</u>	<u>448,960</u>	<u>(1,217)</u>	<u>8,460,090</u>
LONG-TERM LIABILITIES				
Deferred Rent Liability	1,793,900	-	(1,627,701)	166,199
Noncurrent Portion of Long-Term Debt	6,124,774	46,298,983	(4,375,000)	48,048,757
Total Long-Term Liabilities	<u>7,918,674</u>	<u>46,298,983</u>	<u>(6,002,701)</u>	<u>48,214,956</u>
Total Liabilities	15,931,021	46,747,943	(6,003,918)	56,675,046
NET ASSETS				
Without Donor Restrictions	16,464,029	3,465,862	(4,965,000)	14,964,891
With Donor Restrictions	972,268	-	-	972,268
Total Net Assets	<u>17,436,297</u>	<u>3,465,862</u>	<u>(4,965,000)</u>	<u>15,937,159</u>
Total Liabilities and Net Assets	<u>\$ 33,367,318</u>	<u>\$ 50,213,805</u>	<u>\$ (10,968,918)</u>	<u>\$ 72,612,205</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Ednovate	PMC Support Corporation	Eliminations	Consolidated Total
REVENUES, WITHOUT DONOR RESTRICTIONS				
Local Control Funding Formula	\$ 26,058,558	\$ -	\$ -	\$ 26,058,558
Federal Revenue	5,483,898	-	-	5,483,898
Other State Revenue	4,026,381	-	-	4,026,381
Interest Revenue	44,947	237	-	45,184
Contributions and Fundraising	1,693,903	62,671	-	1,756,574
Rent Revenue	-	2,989,080	(2,989,080)	-
Other Revenue	76,818	-	-	76,818
Net Assets Released from Restrictions	545,101	-	-	545,101
Total Revenues	<u>37,929,606</u>	<u>3,051,988</u>	<u>(2,989,080)</u>	<u>37,992,514</u>
EXPENSES				
Program Services	25,796,835	2,809,709	(2,989,080)	25,617,464
Management and General	4,112,820	370,176	-	4,482,996
Fundraising	159,774	2,346	-	162,120
Total Expenses	<u>30,069,429</u>	<u>3,182,231</u>	<u>(2,989,080)</u>	<u>30,262,580</u>
CHANGE IN NET ASSETS	7,860,177	(130,243)	-	7,729,934
Net Assets Without Donor Restriction - Beginning of Year	<u>8,603,852</u>	<u>3,596,105</u>	<u>(4,965,000)</u>	<u>7,234,957</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 16,464,029</u>	<u>\$ 3,465,862</u>	<u>\$ (4,965,000)</u>	<u>\$ 14,964,891</u>
REVENUES, WITH DONOR RESTRICTIONS				
Contributions and Fundraising	\$ 364,837	\$ -	\$ -	\$ 364,837
Net Assets Released from Restrictions	<u>(545,101)</u>	<u>-</u>	<u>-</u>	<u>(545,101)</u>
CHANGE IN NET ASSETS, WITH DONOR RESTRICTIONS	(180,264)	-	-	(180,264)
Net Assets With Donor Restrictions - Beginning of Year	<u>1,152,532</u>	<u>-</u>	<u>-</u>	<u>1,152,532</u>
NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR	<u>\$ 972,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,268</u>
TOTAL CHANGE IN NET ASSETS	\$ 7,679,913	\$ (130,243)	\$ -	\$ 7,549,670
Total Net Assets - Beginning of Year	<u>9,756,384</u>	<u>3,596,105</u>	<u>(4,965,000)</u>	<u>8,387,489</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 17,436,297</u>	<u>\$ 3,465,862</u>	<u>\$ (4,965,000)</u>	<u>\$ 15,937,159</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Ednovate			PMC Support Corporation				Consolidated Total			
	Program	Management and General	Fundraising	Program	Management and General	Fundraising	Eliminations	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 14,778,531	\$ 1,622,436	\$ 147,576	\$ -	\$ -	\$ -	\$ -	\$ 14,778,531	\$ 1,622,436	\$ 147,576	\$ 16,548,543
Professional Services	1,320,271	1,373,821	-	-	56,416	-	-	1,320,271	1,430,237	-	2,750,508
Advertising and Promotion	-	260,700	-	-	2,500	-	-	-	263,200	-	263,200
Occupancy	6,037,141	114,723	10,435	800	-	-	(2,989,080)	3,048,861	114,723	10,435	3,174,019
Office Expenses	1,645,301	107,102	-	-	-	-	-	1,645,301	107,102	-	1,752,403
Insurance	-	287,581	-	-	4,755	-	-	-	292,336	-	292,336
Travel	31,386	-	-	-	91	-	-	31,386	91	-	31,477
Interest	-	175,292	-	1,816,857	247,753	-	-	1,816,857	423,045	-	2,239,902
Depreciation	282,934	-	-	992,052	-	-	-	1,274,986	-	-	1,274,986
Student Nutrition	272,759	-	-	-	-	-	-	272,759	-	-	272,759
Instructional Materials	420,586	-	-	-	-	-	-	420,586	-	-	420,586
Other Expenses	1,007,926	171,165	1,763	-	58,661	2,346	-	1,007,926	229,826	4,109	1,241,861
Total Functional Expenses	<u>\$ 25,796,835</u>	<u>\$ 4,112,820</u>	<u>\$ 159,774</u>	<u>\$ 2,809,709</u>	<u>\$ 370,176</u>	<u>\$ 2,346</u>	<u>\$ (2,989,080)</u>	<u>\$ 25,617,464</u>	<u>\$ 4,482,996</u>	<u>\$ 162,120</u>	<u>\$ 30,262,580</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Ednovate	PMC Support Corporation	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 7,679,913	\$ (130,243)	\$ -	\$ 7,549,670
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	282,934	992,052	-	1,274,986
Loss on Disposal of Property and Equipment	-	-	-	-
Amortization of Debt Issue Costs, Premium/Discount	-	45	-	45
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(8,805,520)	20,686	-	(8,784,834)
Intercompany Receivable	(1,000)	19,808	(18,808)	-
Prepaid Expenditures	(434,873)	(1,780)	-	(436,653)
Deferred Rent Asset	-	(778,425)	778,425	-
Security Deposits	126,034	-	-	126,034
Accounts Payable	1,040,751	(13,810)	-	1,026,941
Intercompany Payable	(19,808)	1,000	18,808	-
Deferred Revenue	1,133,564	-	-	1,133,564
Deferred Rent Liability	824,308	-	(778,425)	45,883
Net Cash Provided by Operating Activities	<u>1,826,303</u>	<u>109,333</u>	<u>-</u>	<u>1,935,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(976,200)	-	-	(976,200)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan Proceeds	1,284,986	-	-	1,284,986
Loan Principal Payments	(3,270,836)	(70,000)	-	(3,340,836)
Net Cash Used by Financing Activities	<u>(1,985,850)</u>	<u>(70,000)</u>	<u>-</u>	<u>(2,055,850)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,135,747)	39,333	-	(1,096,414)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	7,535,204	1,708,753	-	9,243,957
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 6,399,457</u>	<u>\$ 1,748,086</u>	<u>\$ -</u>	<u>\$ 8,147,543</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
Cash and Cash Equivalents	\$ 6,274,457	\$ 745,575	\$ -	\$ 7,020,032
Restricted Cash and Cash Equivalents	125,000	1,002,511	-	1,127,511
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 6,399,457</u>	<u>\$ 1,748,086</u>	<u>\$ -</u>	<u>\$ 8,147,543</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest (Net of Capitalized Interest)	<u>\$ 175,292</u>	<u>\$ 2,064,610</u>	<u>\$ -</u>	<u>\$ 2,239,902</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF FINANCIAL POSITION – EDNOVATE, INC. BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2021

	USC Hybrid	East	Legacy	Brio	Esperanza	South LA	Support Team	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 3,201,290	\$ 307,219	\$ 89,073	\$ 299,989	\$ 758,777	\$ 132,027	\$ 1,486,082	\$ -	\$ 6,274,457
Accounts Receivable	2,490,999	1,838,876	2,294,625	2,606,223	2,544,716	1,019,912	860,537	-	13,655,888
Intercompany Receivable	-	50,000	120,295	18,555	-	60	3,406,866	(3,594,776)	1,000
Prepaid Expenses	98,771	100,370	72,907	146,092	102,210	96,125	174,560	-	791,035
Total Current Assets	5,791,060	2,296,465	2,576,900	3,070,859	3,405,703	1,248,124	5,928,045	(3,594,776)	20,722,380
NONCURRENT ASSETS									
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	125,000	-	125,000
Long-Term Intercompany Receivable	1,675,000	2,592,400	960,000	148,000	-	-	507,600	(1,508,000)	4,375,000
Capital Contribution	25,000	-	-	-	-	-	4,940,000	-	4,965,000
Security Deposit	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	517,275	574,448	234,442	59,146	72,377	35,694	1,686,556	-	3,179,938
Total Noncurrent Assets	2,217,275	3,166,848	1,194,442	207,146	72,377	35,694	7,259,156	(1,508,000)	12,644,938
Total Assets	<u>\$ 8,008,335</u>	<u>\$ 5,463,313</u>	<u>\$ 3,771,342</u>	<u>\$ 3,278,005</u>	<u>\$ 3,478,080</u>	<u>\$ 1,283,818</u>	<u>\$ 13,187,201</u>	<u>\$ (5,102,776)</u>	<u>\$ 33,367,318</u>
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	\$ 525,682	\$ 390,723	\$ 483,601	\$ 333,658	\$ 340,662	\$ 144,052	\$ 878,399	\$ -	\$ 3,096,777
Intercompany Payable	-	475,000	1,155,866	1,350,000	-	425,000	627	(3,406,276)	217
Deferred Revenue	270,313	190,542	165,441	245,617	236,524	67,658	-	-	1,176,095
Current Portion of Long-Term Debt	95,954	92,531	150,008	50,000	50,000	62,500	3,238,265	-	3,739,258
Total Current Liabilities	891,949	1,148,796	1,954,916	1,979,275	627,186	699,210	4,117,291	(3,406,276)	8,012,347
LONG-TERM OBLIGATIONS									
Deferred Rent Liability	666,062	745,111	216,528	7,302	-	-	158,897	-	1,793,900
Long-Term Intercompany Payable	-	-	-	-	-	-	1,696,500	(1,696,500)	-
Noncurrent Portion of Long-Term Debt	352,563	1,949,713	-	50,006	50,006	187,500	3,534,986	-	6,124,774
Total Long-Term Liabilities	1,018,625	2,694,824	216,528	57,308	50,006	187,500	5,390,383	(1,696,500)	7,918,674
Total Liabilities	1,910,574	3,843,620	2,171,444	2,036,583	677,192	886,710	9,507,674	(5,102,776)	15,931,021
NET ASSETS									
Without Donor Restrictions	6,097,761	1,619,693	1,499,898	1,241,422	2,800,888	397,108	2,807,259	-	16,464,029
With Donor Restrictions	-	-	100,000	-	-	-	872,268	-	972,268
Total Net Assets	6,097,761	1,619,693	1,599,898	1,241,422	2,800,888	397,108	3,679,527	-	17,436,297
Total Liabilities and Net Assets	<u>\$ 8,008,335</u>	<u>\$ 5,463,313</u>	<u>\$ 3,771,342</u>	<u>\$ 3,278,005</u>	<u>\$ 3,478,080</u>	<u>\$ 1,283,818</u>	<u>\$ 13,187,201</u>	<u>\$ (5,102,776)</u>	<u>\$ 33,367,318</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF ACTIVITIES – EDNOVATE, INC. BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2021

	USC Hybrid	East	Legacy	Brio	Esperanza	South LA	Support Team	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTIONS									
Local Control Funding Formula	\$ 6,181,514	\$ 4,332,204	\$ 3,851,717	\$ 4,714,728	\$ 5,458,175	\$ 1,520,220	\$ -	\$ -	\$ 26,058,558
Federal Revenue	1,182,732	748,017	727,243	800,020	1,005,593	440,810	579,483	-	5,483,898
Other State Revenue	1,005,443	748,039	696,964	800,402	546,316	229,217	-	-	4,026,381
Interest Revenue	16,750	21,924	1,197	-	-	-	5,076	-	44,947
Contributions and Fundraising	21,165	50,589	232,810	44,715	61,358	15,638	1,267,628	-	1,693,903
Rent Revenue	-	-	-	-	-	-	-	-	-
Other Revenue	22,424	14,245	18,750	160	21,239	-	4,784,998	(4,784,998)	76,818
Net Assets Released from Restrictions	-	32,965	-	-	-	-	512,136	-	545,101
Total Revenues	8,430,028	5,947,983	5,528,681	6,360,025	7,092,681	2,205,885	7,149,321	(4,784,998)	37,929,606
EXPENSES									
Program Services Expense:									
Salaries and Benefits	3,314,357	2,321,450	2,162,031	2,365,722	2,843,180	842,404	929,387	-	14,778,531
Professional Services	239,581	211,797	183,038	334,155	251,500	80,868	19,332	-	1,320,271
Advertising and Promotion	-	-	-	-	-	-	-	-	-
Occupancy	1,000,213	1,335,537	1,031,073	1,069,809	396,006	267,938	936,565	-	6,037,141
Office Expenses	349,170	274,556	250,999	264,544	262,328	139,393	104,311	-	1,645,301
Travel	11,179	2,365	53	1,131	5,840	1,243	9,575	-	31,386
Depreciation	51,279	44,523	41,662	27,424	40,610	6,792	70,644	-	282,934
Student Nutrition	111,221	7,141	60,392	-	92,322	1,683	-	-	272,759
Instructional Materials	97,594	50,419	80,098	80,167	51,415	50,972	9,921	-	420,586
Other Expenses	624,495	372,499	429,196	450,522	497,040	170,488	337,206	(1,873,520)	1,007,926
Total Program Expenses	5,799,089	4,620,287	4,238,542	4,593,474	4,440,241	1,561,781	2,416,941	(1,873,520)	25,796,835
Management and General Expenses:									
Salaries and Benefits	-	-	-	-	-	-	1,622,436	-	1,622,436
Professional Services	26,810	6,993	23,318	12,644	13,650	11,755	1,278,651	-	1,373,821
Advertising and Promotion	14,785	28,537	44,889	32,746	19,630	18,749	101,364	-	260,700
Office Expenses	6,941	1,313	13,832	7,599	1,755	4,629	71,033	-	107,102
Insurance	77,287	52,008	52,415	41,273	50,803	13,020	775	-	287,581
Travel	-	-	-	-	-	-	-	-	-
Interest	5,001	42,547	1,490	1,500	1,500	-	123,254	-	175,292
Depreciation	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	114,723	-	114,723
Other Expenses	665,827	496,680	421,222	502,066	554,268	190,068	123,022	(2,781,988)	171,165
Total Management and General Expenses	796,651	628,078	557,166	597,828	641,606	238,221	3,435,258	(2,781,988)	4,112,820
Fundraising Expenses:									
Salaries and Benefits	-	-	-	-	-	-	147,576	-	147,576
Occupancy	-	-	-	-	-	-	10,435	-	10,435
Other Expenses	30,842	21,501	19,591	23,532	25,951	8,775	1,061	(129,490)	1,763
Total Fundraising Expenses	30,842	21,501	19,591	23,532	25,951	8,775	159,072	(129,490)	159,774
Total Expenses	6,626,582	5,269,866	4,815,299	5,214,834	5,107,798	1,808,777	6,011,271	(4,784,998)	30,069,429
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	1,803,446	678,117	713,382	1,145,191	1,984,883	397,108	1,138,050	-	7,860,177
REVENUES, WITH DONOR RESTRICTIONS									
Contributions and Fundraising	-	-	100,000	-	-	-	264,837	-	364,837
Net Assets Released from Restrictions	-	(32,965)	-	-	-	-	(512,136)	-	(545,101)
CHANGE IN NET ASSETS, WITH DONOR RESTRICTIONS	-	(32,965)	100,000	-	-	-	(247,299)	-	(180,264)
TOTAL CHANGE IN NET ASSETS	1,803,446	645,152	813,382	1,145,191	1,984,883	397,108	890,751	-	7,679,913
Total Net Assets, Beginning of Year	4,294,315	974,541	786,516	96,231	816,005	-	2,788,776	-	9,756,384
TOTAL NET ASSETS, END OF YEAR	<u>\$ 6,097,761</u>	<u>\$ 1,619,693</u>	<u>\$ 1,599,898</u>	<u>\$ 1,241,422</u>	<u>\$ 2,800,888</u>	<u>\$ 397,108</u>	<u>\$ 3,679,527</u>	<u>\$ -</u>	<u>\$ 17,436,297</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF CASH FLOWS – EDNOVATE, INC. BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2021

	<u>USC Hybrid</u>	<u>East</u>	<u>Legacy</u>	<u>Brio</u>	<u>Esperanza</u>	<u>South LA</u>	<u>Support Team</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	\$ 1,803,446	\$ 645,152	\$ 813,382	\$ 1,145,191	\$ 1,984,883	\$ 397,108	\$ 890,751	\$ -	\$ 7,679,913
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	51,279	44,523	41,662	27,424	40,610	6,792	70,644	-	282,934
Changes in Operating Assets and Liabilities:									
Accounts Receivable	(1,290,995)	(1,234,399)	(1,457,221)	(1,972,971)	(1,967,332)	(944,920)	62,318	-	(8,805,520)
Intercompany Receivable	-	-	(295)	(55)	-	(60)	(1,476,000)	1,475,410	(1,000)
Long-Term Intercompany Receivable	-	50,000	120,000	18,500	-	-	-	(188,500)	-
Prepaid Expenditures	19,639	(2,559)	(48,088)	(107,694)	(68,915)	(84,761)	(142,495)	-	(434,873)
Security Deposits	-	900	46,165	32,901	-	-	46,068	-	126,034
Accounts Payable	40,006	185,657	163,657	185,372	189,315	115,216	161,528	-	1,040,751
Intercompany Payable	-	225,000	25,000	900,000	-	325,000	(207,898)	(1,286,910)	(19,808)
Long-Term Intercompany Payable	-	-	-	-	-	-	-	-	-
Deferred Revenue	270,313	190,542	165,441	203,086	236,524	67,658	-	-	1,133,564
Deferred Rent Liability	228,341	470,597	79,487	(96,446)	-	-	142,329	-	824,308
Net Cash Provided (Used) by Operating Activities	<u>1,122,029</u>	<u>575,413</u>	<u>(50,810)</u>	<u>335,308</u>	<u>415,085</u>	<u>(117,967)</u>	<u>(452,755)</u>	<u>-</u>	<u>1,826,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property and Equipment	(154,559)	(184,541)	(34,894)	(18,527)	(27,429)	(42,486)	(513,764)	-	(976,200)
CASH FLOWS FROM FINANCING ACTIVITIES									
Loan Proceeds	-	-	-	-	-	250,000	1,034,986	-	1,284,986
Loan Principal Payments	(94,999)	(140,683)	(49,998)	(49,998)	(49,998)	-	(2,885,160)	-	(3,270,836)
Net Cash Provided (Used) by Financing Activities	<u>(94,999)</u>	<u>(140,683)</u>	<u>(49,998)</u>	<u>(49,998)</u>	<u>(49,998)</u>	<u>250,000</u>	<u>(1,850,174)</u>	<u>-</u>	<u>(1,985,850)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH									
AND RESTRICTED CASH	872,471	250,189	(135,702)	266,783	337,658	89,547	(2,816,693)	-	(1,135,747)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,328,819</u>	<u>57,030</u>	<u>224,775</u>	<u>33,206</u>	<u>421,119</u>	<u>42,480</u>	<u>4,427,775</u>	<u>-</u>	<u>7,535,204</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR	<u>\$ 3,201,290</u>	<u>\$ 307,219</u>	<u>\$ 89,073</u>	<u>\$ 299,989</u>	<u>\$ 758,777</u>	<u>\$ 132,027</u>	<u>\$ 1,611,082</u>	<u>\$ -</u>	<u>\$ 6,399,457</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid for Interest (Net of Capitalized Interest)	<u>\$ 5,001</u>	<u>\$ 42,547</u>	<u>\$ 1,490</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 123,254</u>	<u>\$ -</u>	<u>\$ 175,292</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF FINANCIAL POSITION – PMC SUPPORT CORP
YEAR ENDED JUNE 30, 2021

ASSETS	<u>17th St. LLC</u>	<u>N Mission Rd</u>	<u>Vermont LLC</u>	<u>PMC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS						
Cash and Cash Equivalents	\$ -	\$ 589,645	\$ 106,430	\$ 49,500	\$ -	\$ 745,575
Accounts Receivable	61,748	-	-	174	-	61,922
Intercompany Receivable	-	-	-	166,451	(166,234)	217
Prepaid Expenses	-	195	-	1,585	-	1,780
Total Current Assets	<u>61,748</u>	<u>589,840</u>	<u>106,430</u>	<u>217,710</u>	<u>(166,234)</u>	<u>809,494</u>
NONCURRENT ASSETS						
Restricted Cash and Cash Equivalents	1,002,511	-	-	-	-	1,002,511
Deferred Rent Asset	216,528	745,111	666,062	-	-	1,627,701
Property and Equipment, Net	15,547,273	15,288,919	15,937,907	-	-	46,774,099
Total Noncurrent Assets	<u>16,766,312</u>	<u>16,034,030</u>	<u>16,603,969</u>	<u>-</u>	<u>-</u>	<u>49,404,311</u>
Total Assets	<u>\$ 16,828,060</u>	<u>\$ 16,623,870</u>	<u>\$ 16,710,399</u>	<u>\$ 217,710</u>	<u>\$ (166,234)</u>	<u>\$ 50,213,805</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 62,854	\$ 56,223	\$ 53,965	\$ 12,168	\$ -	\$ 185,210
Intercompany Payable	136,180	14,635	15,419	1,000	(166,234)	1,000
Deferred Revenue	-	57,500	55,250	-	-	112,750
Current Portion of Long-Term Debt	150,000	-	-	-	-	150,000
Total Current Liabilities	<u>349,034</u>	<u>128,358</u>	<u>124,634</u>	<u>13,168</u>	<u>(166,234)</u>	<u>448,960</u>
LONG-TERM OBLIGATIONS						
Noncurrent Portion of Long-Term Debt	<u>14,933,983</u>	<u>15,690,000</u>	<u>15,675,000</u>	<u>-</u>	<u>-</u>	<u>46,298,983</u>
Total Liabilities	<u>15,283,017</u>	<u>15,818,358</u>	<u>15,799,634</u>	<u>13,168</u>	<u>(166,234)</u>	<u>46,747,943</u>
NET ASSETS						
Without Donor Restrictions	<u>1,545,043</u>	<u>805,512</u>	<u>910,765</u>	<u>204,542</u>	<u>-</u>	<u>3,465,862</u>
Total Liabilities and Net Assets	<u>\$ 16,828,060</u>	<u>\$ 16,623,870</u>	<u>\$ 16,710,399</u>	<u>\$ 217,710</u>	<u>\$ (166,234)</u>	<u>\$ 50,213,805</u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF ACTIVITIES – PMC SUPPORT CORP
YEAR ENDED JUNE 30, 2021

	17th St. LLC	N Mission Rd	Vermont LLC	PMC	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTION						
Interest Revenue	\$ 201	\$ 3	\$ 12	\$ 21	\$ -	\$ 237
Contributions and Fundraising	-	-	-	62,671	-	62,671
Rent Revenue	937,143	1,160,596	891,341	-	-	2,989,080
Total Revenues	<u>937,344</u>	<u>1,160,599</u>	<u>891,353</u>	<u>62,692</u>	<u>-</u>	<u>3,051,988</u>
EXPENSES						
Program Services Expense:						
Occupancy	-	800	-	-	-	800
Interest	666,603	589,362	560,892	-	-	1,816,857
Depreciation	352,533	327,983	311,536	-	-	992,052
Total Program Expenses	<u>1,019,136</u>	<u>918,145</u>	<u>872,428</u>	<u>-</u>	<u>-</u>	<u>2,809,709</u>
Management and General Expenses:						
Professional Services	-	22,565	-	33,851	-	56,416
Advertising and Promotion	-	-	-	2,500	-	2,500
Insurance	-	-	4,755	-	-	4,755
Travel	-	-	-	91	-	91
Interest	90,900	80,368	76,485	-	-	247,753
Other Expenses	4,022	-	20	54,619	-	58,661
Total Management and General Expenses	<u>94,922</u>	<u>102,933</u>	<u>81,260</u>	<u>91,061</u>	<u>-</u>	<u>370,176</u>
Fundraising Expenses:						
Other Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,346</u>	<u>-</u>	<u>2,346</u>
Total Expenses	<u>1,114,058</u>	<u>1,021,078</u>	<u>953,688</u>	<u>93,407</u>	<u>-</u>	<u>3,182,231</u>
CHANGE IN NET ASSETS	(176,714)	139,521	(62,335)	(30,715)	-	(130,243)
Net Assets Without Donor Restrictions - Beginning of Year	<u>1,721,757</u>	<u>665,991</u>	<u>973,100</u>	<u>235,257</u>	<u>-</u>	<u>3,596,105</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u><u>\$ 1,545,043</u></u>	<u><u>\$ 805,512</u></u>	<u><u>\$ 910,765</u></u>	<u><u>\$ 204,542</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,465,862</u></u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
STATEMENT OF CASH FLOWS – PMC SUPPORT CORP
YEAR ENDED JUNE 30, 2021

	<u>17th St. LLC</u>	<u>N Mission Rd</u>	<u>Vermont LLC</u>	<u>PMC</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ (176,714)	\$ 139,521	\$ (62,335)	\$ (30,715)	\$ -	\$ (130,243)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Depreciation	352,533	327,983	311,536	-	-	992,052
Loss on Disposal of Property and Equipment	-	-	-	-	-	-
Amortization of Debt Issue						
Costs, Premium/Discount	45	-	-	-	-	45
Changes in Operating Assets and Liabilities:						
Accounts Receivable	9,193	3,889	6,135	1,469	-	20,686
Intercompany Receivable	-	-	-	19,798	10	19,808
Prepaid Expenditures	-	(195)	-	(1,585)	-	(1,780)
Deferred Rent Asset	(79,487)	(470,597)	(228,341)	-	-	(778,425)
Accounts Payable	(291)	(789)	62	(12,792)	-	(13,810)
Intercompany Payable	10	-	-	1,000	(10)	1,000
Deferred Revenue	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>105,289</u>	<u>(188)</u>	<u>27,057</u>	<u>(22,825)</u>	<u>-</u>	<u>109,333</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>35,289</u>	<u>(188)</u>	<u>27,057</u>	<u>(22,825)</u>	<u>-</u>	<u>39,333</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>967,222</u>	<u>589,833</u>	<u>79,373</u>	<u>72,325</u>	<u>-</u>	<u>1,708,753</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR	<u><u>\$ 1,002,511</u></u>	<u><u>\$ 589,645</u></u>	<u><u>\$ 106,430</u></u>	<u><u>\$ 49,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,748,086</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash Paid for Interest (Net of Capitalized Interest)	<u><u>\$ 757,503</u></u>	<u><u>\$ 669,730</u></u>	<u><u>\$ 637,377</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,064,610</u></u>

See Independent Auditors' Report and accompanying Note to Supplementary Information.

EDNOVATE, INC.
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 PURPOSE OF SUPPLEMENTARY SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the school operated, members of the Board of Directors, and members of the administration.

Schedule of Instructional Time

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

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.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the 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 consolidated financial statements. The expenditures in the Schedule are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The School has not elected to use the 10% de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Consolidating Statements of Financial Position, Activities, Functional Expenses and Cash Flows

These statements report the consolidating financial position, activities, functional expenses and cash flows for Ednovate and PMC Support Corporation.

Statements of Financial Position, Activities, and Cash Flows – Ednovate, Inc. by Charter School

These statements report the financial position, activities, and cash flows for each of Ednovate's charter schools as is required to be reported by the provisions of the California Education Code.

Statements of Financial Position, Activities, and Cash Flows – PMC Support Corp

These statements report the financial position, activities, and cash flows for PMC Support Corp and each of its single member LLCs.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Ednovate, Inc.
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 of America, the consolidated financial statements of Ednovate, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 6, 2021



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

Board of Directors
Ednovate, Inc.
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Ednovate, Inc.'s (the 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 School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 of America; 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 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 School's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

Report on Internal Control Over Compliance

Management of the 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 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 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.



CliftonLarsonAllen LLP

Glendora, California
December 6, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Ednovate, Inc.
Los Angeles, California

We have audited Ednovate, Inc.'s (the School) compliance with the types of compliance requirements as identified in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2021. The School's State compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Office of Education, and Charter Schools:	
California Clean Energy Jobs Act	No
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	No ¹
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Yes

¹The School's non-classroom based average daily attendance was below the threshold requiring testing.

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 6, 2021

**EDNOVATE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing

84.425

21.019

Name of Federal Program or Cluster

Elementary and Secondary School Emergency Relief Fund (ESSER)
Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

EDNOVATE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

EDNOVATE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

Financial Statement Findings

Our audit for the year ended June 30, 2020 did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Findings and Questioned Costs – Major Federal Programs

Our audit for the year ended June 30, 2020 did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Findings and Questioned Costs – State Compliance

Our audit for the year ended June 30, 2020 did not disclose any matters required to be reported in accordance with the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

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