



Financial Statements
June 30, 2021

**New Millennium Secondary School
Charter No. 1020**

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Independent Auditor's Report

Governing Board
New Millennium Secondary School
Gardena, California

Report on the Financial Statements

We have audited the accompanying financial statements of New Millennium Secondary School (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 15-18 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information on pages 15-18 is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.



Rancho Cucamonga, California

January 19, 2022

New Millennium Secondary School
Statement of Financial Position
June 30, 2021

Assets	
Current Assets	
Cash	\$ 1,045,887
Accounts receivable	748,972
Prepaid expenses	<u>30,200</u>
Total current assets	<u>1,825,059</u>
Total assets	<u><u>\$ 1,825,059</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 141,170
Accrued liabilities	9,202
Refundable advance	94,820
Current portion of notes payable	<u>11,217</u>
Total current liabilities	<u>256,409</u>
Long-Term Obligations	
Notes payable, less current portion	<u>17,183</u>
Total liabilities	<u>273,592</u>
Net Assets	
Without donor restrictions	<u>1,551,467</u>
Total liabilities and net assets	<u><u>\$ 1,825,059</u></u>

New Millennium Secondary School
Statement of Activities
Year Ended June 30, 2021

Support and revenues	
Local Control Funding Formula	\$ 2,108,828
Federal revenue	411,160
Other State revenue	251,473
Local revenues	4,253
Interest income	574
Fundraising revenue	15
	<hr/>
Total support and revenues	2,776,303
	<hr/>
Expenses	
Program services	2,081,621
Management and general	229,902
	<hr/>
Total expenses	2,311,523
	<hr/>
Change in Net Assets	464,780
	<hr/>
Net Assets, Beginning of Year	1,086,687
	<hr/>
Net Assets, End of Year	\$ 1,551,467
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New Millennium Secondary School

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Management and General	Total Expenses
Salaries	\$ 940,213	\$ 134,109	\$ 1,074,322
Employee benefits	334,242	8,342	342,584
Payroll taxes	38,417	3,196	41,613
Fees for services	196,104	33,034	229,138
Advertising and promotions	-	17,872	17,872
Office expenses	24,176	1,937	26,113
Information technology	70,208	3,353	73,561
Occupancy	124,136	17,706	141,842
Conferences and meeting	4,648	21	4,669
Interest	140	1,272	1,412
Insurance	27,586	3,935	31,521
Other expenses	636	-	636
Capital outlay	17,490	2,495	19,985
Special education	110,016	-	110,016
Instructional materials	165,066	-	165,066
Nutrition	10,108	-	10,108
District supervisory fee	18,435	2,630	21,065
	<u>\$ 2,081,621</u>	<u>\$ 229,902</u>	<u>\$ 2,311,523</u>
Total Functional Expenses	<u>\$ 2,081,621</u>	<u>\$ 229,902</u>	<u>\$ 2,311,523</u>

New Millennium Secondary School
Statement of Cash Flows
Year Ended June 30, 2021

Operating Activities	
Change in net assets	\$ 464,780
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(503,376)
Prepaid expenses	(585)
Accounts payable	120,862
Accrued liabilities	3,041
Refundable advance	94,820
	<hr/>
Net Cash from (used for) Operating Activities	179,542
	<hr/>
Financing Activities	
Principal payments on notes	(10,779)
	<hr/>
Net Change in Cash	168,763
	<hr/>
Cash, Beginning of Year	877,124
	<hr/>
Cash, End of Year	\$ 1,045,887
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Supplemental cash flow disclosure	
Cash paid during the period for interest	\$ 1,412
	<hr/> <hr/>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

New Millennium Secondary School (the Organization) was incorporated in the State of California in 2008 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954. The Charter School was approved by the State of California Department of Education on July 9, 2008. The Charter School opened in 2008 and currently serves approximately 184 students in grades 9 - 12. In 2018, the Charter School was renewed by Los Angeles Unified School District for five years ending 2023.

Charter school number authorized by the State: 1020

The Organization prepares students for success in the 21st century by providing rigorous and relevant college-preparatory education that invests in talented human capital, utilizes cutting-edge technology, and strives to adapt public education to the “New Millennium”.

Basis of Accounting

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have net assets with donor restrictions for the year ended June 30, 2021.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Revenue and Revenue Recognition

Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$355,636 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred, with an advance payment of \$94,820 recognized in the statement of financial position as a refundable advance.

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

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

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

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2020, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,045,887
Accounts receivable	<u>748,972</u>
Total	<u><u>\$ 1,794,859</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Notes Payable

Note payable, due in monthly installments of \$506 principal and interest at 4%, (uncollateralized) with a carrying value of \$50,000; maturing in November 2023.

\$ 13,972

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2022	\$ 5,618
2023	5,848
2024	2,506
Total	\$ 13,972

Note payable, due in monthly installments of \$506
No principal and interest at 4%, (uncollateralized) with a
No carrying value of \$50,000; maturing in December 2023.

\$ 14,428

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2022	\$ 5,599
2023	5,828
2024	3,001
Total	\$ 14,428

Note 4 - Facilities Use Agreement

During 2019, the Organization entered into a Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the property located at 1301 West 182nd Street Gardena, California 90248. The single-year term of the Agreement expires June 30, 2020. Per the Agreement, LAUSD may not charge the Academy rent in exchange for its use of District premises; however, LAUSD may charge the Academy an annual fee for use of the District premises consistent with Education Code Section 47614(b) (the "Pro Rata Share Charge"). Total annual Pro Rata Share charge due at June 30, 2021, was \$166,471.

Note 5 - Net Assets

Net assets consist of the following at June 30, 2021:

Net assets without donor restrictions	
Designated for State programs	\$ 5,316
Undesignated	1,546,151
Total net assets without donor restrictions	\$ 1,551,467

Note 6 - Employee Retirement Systems

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

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

The details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member, Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the Organization's total contributions were \$166,339.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$69,980 (10.328 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

403(b) Tax Deferred Annuity Plan

The Organization sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 and completed one year of service may voluntarily contribute from 3 percent to 10 percent of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Governing Board each plan year. During the year ended June 30, 2021, the Organization's total contributions were \$7,845.

Note 7 - Contingencies, Risks, and Uncertainties

The Organization 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.

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

Note 8 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through January 19, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Assembly Bill 130 approved on July 9, 2021 extends the terms of all charter schools whose terms expire on or between January 1, 2022 and June 30, 2025, inclusive, by two years. No action is required of charter authorizers or charter schools for this extension.



Supplementary Information
June 30, 2021

New Millennium Secondary School

ORGANIZATION

New Millennium Secondary School (the Organization) (Charter Number 1120) was granted on June 10, 2018, by Los Angeles Unified School District. The Organization operates one high school.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Betty Jo Coleman	Governance Chair	January 2022
Joanne Zietli	Secretary	January 2022
Laura Gutierrez	Member	January 2022
Timothy Mozia	Member	August 2022
T.J. Robinson	Member	August 2022

ADMINISTRATION

Nichole Sims	Chief Operating Officer
Samantha Navarro	Principal

New Millennium Secondary School

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

New Millennium Secondary School
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Note 1 - Purpose of Supplementary Schedules

Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered on the traditional calendar and on any multitrack calendars by the Organization and whether the Organization complied with the provisions of *Education Code* section 47612.

Reconciliation of Annual Financial Report with Audited Financial Statements

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



Independent Auditor's Reports
June 30, 2021

New Millennium Secondary School



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
New Millennium Secondary School
Gardena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Millennium Secondary School (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California
January 19, 2022



Independent Auditor's Report on State Compliance

Governing Board
New Millennium Secondary School
Gardena, California

Report on State Compliance

We have audited New Millennium Secondary School's (the Organization) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS (EXCEPT AS STATED IN ATTENDANCE AND DISTANCE LEARNING AND INSTRUCTIONAL TIME)	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

Programs listed above for “Local Education Agencies Other Than Charter Schools except as stated in Attendance and Distance Learning and Instructional Time” are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because the Organization did not receive funding for this program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization was not classified as nonclassroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

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

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

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

Rancho Cucamonga, California

January 19, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

New Millennium Secondary School

FINANCIAL STATEMENTS

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

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified
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None reported.

None reported.

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