Consolidated Financial Statements
June 30, 2022

New Los Angeles Charter School

New Los Angeles Charter No. 0998

New Los Angeles Charter Elementary No. 1788

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Independent Auditor's Report

Governing Board
New Los Angeles Charter School
Los Angeles, California

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of New Los Angeles Charter School (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Notes 1 and 5 to the financial statements, the Organization has early adopted the provisions of Financial Accounting Standards Board (FASB) ASU 2016-02 *Leases Topic 842*, as of July 1, 2022, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the consolidated 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 other supplementary information on pages 19-28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 consolidated schedule of expenditures of federal awards and other 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 April 11, 2023 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.

Eide Bailly LLP

Rancho Cucamonga, California
April 11, 2023

New Los Angeles Charter School
Consolidated Statement of Financial Position
June 30, 2022

Assets	
Current assets	
Cash	$ 3,931,767
Receivables	1,781,995
Prepaid expenses	84,654
Total current assets	5,798,416
Non-current assets	
Security deposit	63,744
Operating lease right-of-use asset	1,849,772
Property and equipment, net	1,447,938
Total non-current assets	3,361,454
Total assets	$ 9,159,870
Liabilities	
Current liabilities	
Accounts payable	$ 525,458
Accrued liabilities	27,315
Refundable advance	730,577
Current portion of operating lease liability	188,771
Current portion of notes payable	177,824
Total current liabilities	1,649,945
Long-term liabilities	
Operating lease liability, less current portion	2,013,562
Notes payable, less current portion	1,144,350
Total long-term liabilities	3,157,912
Total liabilities	4,807,857
Net Assets	
Without donor restrictions	4,352,013
Total liabilities and net assets	$ 9,159,870

New Los Angeles Charter School
Consolidated Statement of Activities
Year Ended June 30, 2022

Support and revenues	
Local Control Funding Formula	$ 5,711,025
Federal revenue	1,645,462
Other state revenue	1,220,853
Local revenues	756,427
Total support and revenues	9,333,767
Expenses	
Program services	7,203,187
Management and general	1,776,620
Total expenses	8,979,807
Change in Net Assets	353,960
Net Assets, Beginning of Year	3,998,053
Net Assets, End of Year	$ 4,352,013

New Los Angeles Charter School
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Total Expenses
Salaries	$ 3,080,633	$ 596,908	$ 3,677,541
Employee benefits	237,490	53,183	290,673
Payroll taxes	827,359	47,193	874,552
Fees for services	1,537,710	295,856	1,833,566
Advertising and promotions	-	5,557	5,557
Office expenses	-	13,996	13,996
Information technology	-	39,583	39,583
Occupancy	775,376	30,553	805,929
Travel	3,375	1,228	4,603
Interest	-	98,292	98,292
Depreciation	182,461	744	183,205
Insurance	-	89,647	89,647
Other expenses	89,359	450,219	539,578
Capital outlay	75,309	-	75,309
Special education	105,610	-	105,610
Instructional materials	90,232	-	90,232
Nutrition	198,273	-	198,273
District oversight fees	-	53,661	53,661
Total functional expenses	$ 7,203,187	$ 1,776,620	$ 8,979,807

Operating Activities	
Change in net assets	$ 353,960
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	183,205
Changes in operating assets and liabilities	
Receivables	32,857
Prepaid expenses	536
Accounts payable	451,836
Accrued liabilities	(30,742)
Refundable advance	771,245
Operating lease assets and liabilities	(95)
Net Cash from Operating Activities	1,762,802
Cash Flows from (used for) Investing Activities	
Purchases of property and equipment	(7,950)
Financing Activities	
Principal payments on notes payable	(165,910)
Net Change in Cash	1,588,942
Cash, Beginning of Year	2,342,825
Cash, End of Year	$ 3,931,767
Supplemental Cash Flow Disclosure	
Cash paid during the year in interest	$ 98,292

Note 1 - Principal Activity and Significant Accounting Policies

Organization

New Los Angeles Charter School

The New Los Angeles Charter School (the Organization) is a non-profit public benefit corporation operating New Los Angeles Charter School (The Middle School) and New Los Angeles Charter Elementary School (The Elementary School). The Organization develops a diverse community of students who are passionate about learning, engaged in their community, and have respect for themselves and others. The aim of the Organization is to cultivate future civic leaders through rigorous project-based learning and hands-on commitment to social justice teaching students skills that will enable them to thrive and which will ensure advanced academic success.

Home Office

The home office provides administrative support to the individual schools and is accounted for separately in the financial statements using an allocation based on student enrollment.

The Middle School

In September 2008, New Los Angeles Charter (the Charter Middle School) welcomed its first students. The Charter Middle School petitioned through Los Angeles Unified School District for a charter and was approved by the California Department of Education on April 22, 2008, and renewed in 2018, for a period of five years ending in 2025.

Charter School number authorized by the State: 0998

The Charter Middle School, located at 1919 S. Burnside Avenue, Los Angeles, California, opened in August 2008, and currently serves 321 students in grades six through eight.

The Elementary School

In August 2016, New Los Angeles Charter Elementary (the Charter Elementary School) welcomed its first students. The Charter Elementary School petitioned through Los Angeles Unified School District for a charter and was approved by the California Department of Education on October 13, 2015, and renewed in 2021, for a period of five years ending in 2026.

Charter School number authorized by the State: 1788

The Charter Elementary School, located at 5421 Obama Road, Los Angeles, California, opened in August 2016, and currently serves 221 students in grades kindergarten through fifth.

Other Related Entities

5301 Washington, LLC

The Charter Middle School subleases its facilities from 5301 Washington LLC (the LLC). The sole member of the LLC is New Vision Properties, Inc. (NVP), a California nonprofit public benefit corporation. The primary purposes of NVP and the LLC are to facilitate the development of charter schools; to lease, own, manage, and maintain an educational institution; to provide charter school facilities and operational and other support to charter schools; to assist philanthropists and foundations in accelerating the growth of high-quality charter schools; and to provide and otherwise obtain or assist in obtaining charter school financing. Additionally, the NVP and the LLC may engage in any activities that are reasonably related to or in furtherance of NVP and the LLC's stated charitable and public purposes, or in any other charitable activities. NVP and the LLC are separate legal entities from the Charter Middle School and neither NVP nor the LLC have ownership interest in the Charter Middle School. NVP and the LLC are reported in the financial statements as part of the Charter Middle School and the LLC's operations because the Charter Middle School Board appoints the Board of the LLC.

Principles of Consolidation

The consolidated financial statements include accounts of the Organization and the LLC because the Organization has controlling financial interest in the LLC. All significant intra-entity accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to the Organization.

Basis of Accounting

The accompanying consolidated 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, 2022.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables 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 receivables as of June 30, 2022 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.

Intra-Entity Transactions

Intra-entity transactions results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Intra-entity transfers include certain costs of shared liabilities and shared assets between the Organization.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

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. Consequently, at June 30, 2022 conditional contributions approximating $1,454,886, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2022.

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 present 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 managements estimates, as well as salaries and wages, benefits, payroll taxes, professional services, 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 consolidated 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. The entity's Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2010.

Estimates

The preparation of consolidated 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 consolidated 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 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. The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the bank up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2022, the Organization had approximately $3,560,751 in excess of FDIC insured limits.

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.

Right-Of-Use and Lease Liabilities

Right-of-Use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

Change in Accounting Principle

Effective January 1, 2020, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization elected to apply the guidance as of July 1, 2021, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2021, the beginning of the adoption period, no cumulative effect adjustment to net assets, an operating lease liability of $2,374,151, and an operating right-of-use asset of $2,021,495. The adoption of the new standard did not materially impact the Organization's Statement of Activities or Statement of Cash Flows. See Note 5 for further disclosure of the Organization's lease contracts.

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	$ 3,931,767
Receivables	1,781,995
Total	$ 5,713,762

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 - Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Building improvements	$ 71,628
Building	3,353,339
Computer and equipment	112,835
Work in progress	8,121
	3,545,923
Less accumulated depreciation	(2,097,985)
Total	$ 1,447,938

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2022:

Note payable, due in monthly installments of $22,017 principal and interest at 6.86%, maturing August 1, 2028, obtained by 5301 Washington and secured by Charter Middle School apportionment that is the LCFF State Aid portion.	$ 1,322,174

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2023	$ 177,824
2024	190,397
2025	204,268
2026	218,937
2027	234,659
Thereafter	296,089
Total	$ 1,322,174

Note 5 - Operating Lease

The Organization leases certain real property for the operation of charter schools with various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through October 1, 2030. The Organization included in the determination of the ROU assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require the Organization to pay repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the real estate class of asset.

The Organization has elected the short-term lease exemption for leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization has one real property short term lease agreement for the year ended June 30, 2022.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases.

Total lease costs for the year ended June 30, 2022, were as follows:

	2022
Operating lease cost	$ 280,830
Short-term lease cost	94,849

The following table summarizes the supplemental cash flow information for the year ended June 30, 2022:

Cash paid for amounts included in the measurement of lease liabilties	
Operating cash flows from operating leases	$ 280,925

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	2022
Weighted-average remaining lease term	
Operating leases	9.00 Years
Weighted-average discount rate	
Operating leases	4.75%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2022.

Year Ending June 30,	Lease Payment
2023	$ 289,353
2024	298,033
2025	306,975
2026	316,184
2027	325,669
Thereafter	1,156,595
Total lease payments	2,692,809
Less interest	(490,476)
Present value of lease liability	$ 2,202,333

Note 6 - Employee Retirement Systems

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 each 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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% 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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, the 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the Organization's total contributions were $455,339.

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 $293,695 (10.828% 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.

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.

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 April 11, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Supplementary Information
June 30, 2022

New Los Angeles Charter School

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement	84.027	13379	$ 137,577
Total Special Education (IDEA) Cluster			137,577
Passed through California Department of Education (CDE)			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	148,470
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	522,858
COVID-19 - Governor's Emergency Education Relief (GEER) Learning Loss Mitigation	84.425C	15517	35,881
COVID-19 -Expanded Learning Opportunities (ELO) Grant ESSER II State Reserves	84.425U	15618	57,876
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	13,282
COVID-19 - Expanded Learning Opportunities (ELO) (ESSER III) State Reserve, Emergency Needs	84.425U	15620	37,728
COVID-19 - Expanded Learning Opportunities (ELO) (ESSER III) ESSER III State Reserve, Learning Loss	84.425U	15621	65,037
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	190,949
Subtotal			1,072,081
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	210,783
Title II, Part A, Supporting Effective Instruction	84.367	14341	27,114
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	20,000
Total U.S. Department of Education			1,467,555
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Meal Supplement	10.555	13396	19,175
Summer Food Service Program	10.559	13004	157,504
Total Child Nutrition Cluster			176,679
Pandemic EBT Local Administrative Grant	10.649	15644	1,228
Total U.S. Department of Agriculture			177,907
Total Federal Financial Assistance			$ 1,645,462

ORGANIZATION

The New Los Angeles Charter School operates two schools. The Middle School (charter number 0998) was granted on April 22, 2008, by the Los Angeles Unified School District. The Elementary School (charter number 1788) was granted on October 13, 2015, by the Los Angeles Unified School District.

GOVERNING BOARD

MEMBER	OFFICE	BOARD TERM EXPIRES
Dr. Jonathan J. Lopez, Ed.D.	President	August 31, 2022
Dr. Matthew Albert, Ed.D.	Treasurer	August 31, 2022
Steve Barrett	Secretary	August 31, 2022
Allison Arkin	Member	August 31, 2022
Dr. Alan-Michael Graves, Ed.D.	Member	August 31, 2022
Susan M. Nickerson	Member	August 31, 2022

ADMINISTRATION

Dr. Brooke Rios, Ed.D.	Executive Director
Dr. Xochitl Lira, Ed.D.	Director of Operations
Kate O'Brien	Head of Schools
Gabrielle Brayton	Middle School Principal
Jenna Rosenberg	Elementary School Principal

New Los Angeles Charter Elementary

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	102.06	102.00
Fourth and fifth	70.86	70.97
Total Regular ADA	172.92	172.97
Classroom Based ADA		
Transitional kindergarten through third	101.97	101.93
Fourth and fifth	70.81	70.93
Total Classroom Based ADA	172.78	172.86

New Los Angeles Charter Middle School

	Second Period Report	Annual Report
Regular ADA		
Sixth	94.56	95.17
Seventh and eighth	191.20	190.50
Total Regular ADA	285.76	285.67
Classroom Based ADA		
Sixth	94.56	95.17
Seventh and eighth	191.20	188.81
Total Classroom Based ADA	285.76	283.98

New Los Angeles Charter Elementary

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Days Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	55,065	-	55,065	175	N/A	-	175	Complied
Grades 1 - 3	50,400								
Grade 1		55,065	-	55,065	175	N/A	-	175	Complied
Grade 2		55,065	-	55,065	175	N/A	-	175	Complied
Grade 3		55,065	-	55,065	175	N/A	-	175	Complied
Grades 4 - 5	54,000								
Grade 4		55,065	-	55,065	175	N/A	-	175	Complied
Grade 5		55,065	-	55,065	175	N/A	-	175	Complied

New Los Angeles Charter Middle School

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Days Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 6	54,000								
Grade 6		64,565	-	64,565	175	N/A	-	175	Complied
Grades 7 - 8	54,000								
Grade 7		64,565	-	64,565	175	N/A	-	175	Complied
Grade 8		64,565	-	64,565	175	N/A	-	175	Complied

	Charter Middle School	Charter Elementary School
Net Assets		
Balance, June 30, 2022, Unaudited Actuals	$ 2,802,478	$ 1,112,828
Decrease in		
Receivables	-	(180,393)
Prepaid	(208,449)	(18,175)
Property and equipment, net	(7,180)	-
Increase in		
Cash	474,178	1,043,043
Receivables	346,541	-
Operating lease right-of-use asset	3,397,145	-
Property and equipment, net	-	3,873
Accounts payable	(299,086)	(138,334)
Refundable advance	(65,325)	(353,266)
Operating lease liability	(3,622,610)	-
Balance, June 30, 2022, Audited Financial Statements	$ 2,817,692	$ 1,469,576

New Los Angeles Charter School
Consolidating Statement of Financial Position
June 30, 2022

	Charter Middle School	Charter Elementary School	Home Office
Assets			
Current assets			
Cash	$ 2,154,862	$ 1,536,857	$ 114,811
Receivables	1,223,113	558,837	45
Intra-entity receivable	202,919	-	-
Prepaid expenses	68,124	14,071	2,123
Total current assets	3,649,018	2,109,765	116,979
Non-current assets			
Security deposit	-	-	-
Operating lease right-of-use asset	3,397,145	-	-
Property and equipment, net	25,436	8,713	1,302
Total non-current assets	3,422,581	8,713	1,302
Total assets	$ 7,071,599	$ 2,118,478	$ 118,281
Liabilities			
Current liabilities			
Accounts payable	$ 329,204	$ 160,374	$ 12,884
Accrued liabilities	15,899	11,416	-
Deferred revenue	-	-	-
Refundable advance	253,465	477,112	-
Intra-entity payable	32,729	-	-
Current portion of operating lease liability	391,431	-	-
Current portion of notes payable	-	-	-
Total current liabilities	1,022,728	648,902	12,884
Long-term liabilities			
Operating lease liability, less current portion	3,231,179	-	-
Notes payable, less current portion	-	-	-
Total long-term liabilities	3,231,179	-	-
Total liabilities	4,253,907	648,902	12,884
Net Assets			
Without donor restrictions	2,817,692	1,469,576	105,397
Total liabilities and net assets	$ 7,071,599	$ 2,118,478	$ 118,281

New Los Angeles Charter School
Consolidating Statement of Financial Position
June 30, 2022

	LLC	Elimination	Total
Assets			
Current assets			
Cash	$ 125,237	$ -	$ 3,931,767
Receivables	-	-	1,781,995
Intra-entity receivable	32,729	(235,648)	-
Prepaid expenses	46,591	(46,255)	84,654
Total current assets	204,557	(281,903)	5,798,416
Non-current assets			
Security deposit	63,744	-	63,744
Operating lease right-of-use asset	1,849,772	(3,397,145)	1,849,772
Property and equipment, net	1,412,487	-	1,447,938
Total non-current assets	3,326,003	(3,397,145)	3,361,454
Total assets	$ 3,530,560	$ (3,679,048)	$ 9,159,870
Liabilities			
Current liabilities			
Accounts payable	$ 22,996	$ -	$ 525,458
Accrued liabilities	-	-	27,315
Deferred revenue	(179,210)	179,210	-
Refundable advance	-	-	730,577
Intra-entity payable	202,919	(235,648)	-
Current portion of operating lease liability	188,771	(391,431)	188,771
Current portion of notes payable	177,824	-	177,824
Total current liabilities	413,300	(447,869)	1,649,945
Long-term liabilities			
Operating lease liability, less current portion	2,013,562	(3,231,179)	2,013,562
Notes payable, less current portion	1,144,350	-	1,144,350
Total long-term liabilities	3,157,912	(3,231,179)	3,157,912
Total liabilities	3,571,212	(3,679,048)	4,807,857
Net Assets			
Without donor restrictions	(40,652)	-	4,352,013
Total liabilities and net assets	$ 3,530,560	$ (3,679,048)	$ 9,159,870

New Los Angeles Charter School
Consolidating Statement of Activities
June 30, 2022

	Charter Middle School	Charter Elementary School	Home Office
Support and revenues			
Local Control Funding Formula	$ 3,552,040	$ 2,158,985	$ -
Federal revenue	909,195	736,267	-
Other state revenue	793,305	427,548	-
Local revenues	267,509	169,199	530,888
Total support and revenues	5,522,049	3,491,999	530,888
Expenses			
Program services	4,342,523	2,839,794	1,348
Management and general	1,084,766	295,458	491,393
Total expenses	5,427,289	3,135,252	492,741
Change in Net Assets	94,760	356,747	38,147
Net Assets, Beginning of Year	2,722,932	1,112,829	67,250
Net Assets, End of Year	$ 2,817,692	$ 1,469,576	$ 105,397

See Note to Supplementary Information

	LLC	Elimination	Total
Support and revenues			
Local Control Funding Formula	$ -	$ -	$ 5,711,025
Federal revenue	-	-	1,645,462
Other state revenue	-	-	1,220,853
Local revenues	767,685	(978,854)	756,427
Total support and revenues	767,685	(978,854)	9,333,767
Expenses			
Program services	452,036	(432,514)	7,203,187
Management and general	451,343	(546,340)	1,776,620
Total expenses	903,379	(978,854)	8,979,807
Change in Net Assets	(135,694)	-	353,960
Net Assets, Beginning of Year	95,042	-	3,998,053
Net Assets, End of Year	$ (40,652)	$ -	$ 4,352,013

Note 1 - Purpose of Supplementary Schedules

Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis cost rate.

Food Donation

At June 30, 2022, the Organization had no food commodities in inventory.

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 Average Daily Attendance

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

Schedule of Instructional Time

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

The Organization must maintain their instructional minutes at the 1986-87 requires as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report with Audited Financial Statements

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

Consolidating Statement of Financial Position and Consolidating Statement of Activities

The consolidating statement of financial position and consolidating statement of activities report the activities of the Organization and related entities and are presented on the accrual basis of accounting. Eliminating entries in the consolidating statement of financial position and consolidating statement of activities are for activities between the Organization and related entities.

Independent Auditor's Reports
June 30, 2022

New Los Angeles Charter School

EideBailly

CPAs & BUSINESS ADVISORS

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 Los Angeles Charter School
Los Angeles, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of New Los Angeles Charter School (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated April 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinion on the consolidated 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 entity's consolidated 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.



Rancho Cucamonga, California
April 11, 2023

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

Governing Board
New Los Angeles Charter School
Los Angeles, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited New Los Angeles Charter School's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
April 11, 2023

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Governing Board
New Los Angeles Charter School
Los Angeles, California

Report on State Compliance

Qualified and Unmodified Opinion on State Compliance

We have audited New Los Angeles Charter School's (the Organization) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, The Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying Schedule of Findings and Questioned Costs, the Organization did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts as item 2022-001.

Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	No, See below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
GANN Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	
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
After/Before School Education and Safety Program	Yes, see below
General Requirement	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for "Local Education Agencies Other Than Charter Schools" are not applicable to charter schools; therefore, we did not perform any related procedures.

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

The Organization's charter schools were not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 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 a material noncompliance with compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
April 11, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

New Los Angeles Charter School

Consolidated 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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19: Education Stabilization Fund	84.425C, 84.425D, 84.425U

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

State Compliance

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Unmodified
Unmodified for all programs except for the following program which was qualified	

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts

None reported.

None reported.

The following finding represents an instance of noncompliance and questioned costs and a significant deficiency in internal controls over compliance that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-001 40000 – Unduplicated Local Control Funding Formula Pupil Counts

Criteria or Specific Requirements

California Education Code Section 42238.02(b)(4) states that New Los Angeles Middle School should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) was inaccurate. It appears that New Los Angeles Middle School inaccurately reported eligibility on the CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List which resulted in a net decrease of unduplicated pupil count by 10 pupils.

Questioned Costs

New Los Angeles Middle School overclaimed the total unduplicated pupil count by 10 resulting in a decrease of approximately $4,979 in LCFF funding. The estimated penalties were calculated using the CDE's Audit Penalty Calculator.

Context

The condition was identified when we requested supporting documents for the sampled students' English Learner (EL) and free or reduced-priced meals eligibility. The students selected did not meet eligibility requirements and were inaccurately reported on the CALPADS report 1.18. The auditor inquired further with New Los Angeles Middle School and determined that the data generated from the student information system uploaded into the CALPADS system was incorrectly uploaded.

Effect

New Los Angeles Middle School overclaimed the total number of eligible pupils. The schedule below shows the exceptions:

	Enrollment Count	Certified Total Unduplicated Count	Adjusted to Total Enrollment Count	Adjusted Based on Eligibility for EL	Adjusted Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
New Los Angeles Middle School	960	892	-	-	(10)	960	882

Cause

It appears that the condition identified has materialized as a result of the data generated from the student information system being not properly uploaded into the CALPADS system.

Repeat Finding

No.

Recommendation

New Los Angeles Middle School should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all student eligibility data within the student information system is accurately uploaded in the CALPADS system.

Corrective Action Plan and Views of Responsible Officials

To prevent future meal application miscalculations New Los Angeles Middle School will implement the following plan:

1. The Director of Operations will re-train operations staff on how to calculate incomes and determine eligibility using the income eligibility scales provided by the California Department of Education.
2. When a meal application/alternative income application is received at the school site, office staff will stamp it received with a date.
3. The first review will be conducted by the School Administrative Assistant. The School Administrative Assistant will calculate the income and determine the eligibility by referencing the income eligibility scale. The School Administrative Assistant will circle the eligibility and initial.
4. The second review will be conducted by the Site Manager. The Site Manager will calculate the income and confirm the School Administrative Assistant calculation and determination was correct. The Site Manager will initial.
5. The third review will be conducted by the Assistant Director of Operations. Assistant Director of Operations will calculate the income to ensure that the calculation and determination are correct. The Assistant Director of Operations will initial to confirm eligibility is correct.

6. The Site Managers will enter the data into the student information system and pull a report to compare each student's eligibility to the meal application. This will ensure that the data entered into the SIS system matches the meal application.
7. Once data is updated in CALPADS, the Director of Operations will pull a report to share with Site Managers. Site Managers will compare the CALPADS report to the meal applications to ensure that they match. If discrepancies are found, Site Managers will immediately notify the Director of Operations. The Director of Operations will review meal application(s) and make the necessary corrections before certifying the data.

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