

NEW LOS ANGELES CHARTER SCHOOL

CONSOLIDATED AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2023

A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOLS

New Los Angeles Charter (Charter No. 0998)
New Los Angeles Charter Elementary (Charter No. 1788)

AND CONSOLIDATED WITH

New Vision Properties, Inc. (5301 Washington LLC)

NEW LOS ANGELES CHARTER SCHOOL
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Los Angeles Charter School
Los Angeles, California

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of New Los Angeles Charter School which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Los Angeles Charter School as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 New Los Angeles Charter School 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.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 generally accepted auditing standards 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards 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 New Los Angeles Charter School'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 New Los Angeles Charter School'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 supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 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 January 31, 2024, on our consideration of New Los Angeles Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Los Angeles Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Los Angeles Charter School's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 31, 2024

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	$ 6,088,196
Accounts receivable	1,824,676
Prepaid expenses	78,342
Total current assets	7,991,214
Noncurrent assets	
Deposits	63,744
Right-of-use asset	1,669,523
Capital assets, net	1,485,266
Total noncurrent assets	3,218,533
Total Assets	$ 11,209,747
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	$ 1,033,826
Deferred revenue	1,888,694
Operating lease liability	2,013,561
Loan payable	1,144,350
Total liabilities	6,080,431
Net assets	
Without donor restrictions	5,129,316
Total net assets	5,129,316
Total Liabilities and Net Assets	$ 11,209,747

The notes to the consolidated financial statements are an integral part of this statement.

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions
SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	$ 4,561,652
Federal revenues	1,194,183
Other state revenues	2,068,330
Total federal and state support and revenues	7,824,165
Local support and revenues	
Payments in lieu of property taxes	1,713,460
Grants and donations	162,634
Other local revenues	118,607
Total local support and revenues	1,994,701
Total Support and Revenues	9,818,866
EXPENSES	
Program services	7,115,637
Management and general	1,925,926
Total Expenses	9,041,563
CHANGE IN NET ASSETS	777,303
Net Assets - Beginning	4,352,013
Net Assets - Ending	$ 5,129,316

The notes to the consolidated financial statements are an integral part of this statement.

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Eliminations	Total
EXPENSES				
Personnel expenses				
Certificated salaries	$ 2,767,987	$ -	$ -	$ 2,767,987
Non-certificated salaries	309,691	693,947	-	1,003,638
Pension plan contributions	518,800	16,755	-	535,555
Payroll taxes	111,730	60,683	-	172,413
Other employee benefits	191,756	31,317	-	223,073
Total personnel expenses	3,899,964	802,702	-	4,702,666
Non-personnel expenses				
Books and supplies	407,991	53,557	-	461,548
Insurance	9,974	92,780	-	102,754
Facilities	972,483	137,326	(446,891)	662,918
Professional services	1,994,271	617,909	-	2,612,180
Interest expense	-	86,378	-	86,378
Depreciation	11,798	171,950	-	183,748
Fees to authorizing agency	177,001	-	-	177,001
Other operating expenses	5,554	46,816	-	52,370
Total non-personnel expenses	3,579,072	1,206,716	(446,891)	4,338,897
Eliminations	(363,399)	(83,492)	446,891	-
Total Expenses	$ 7,115,637	$ 1,925,926	$ -	$ 9,041,563

The notes to the consolidated financial statements are an integral part of this statement.

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	777,303
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		183,748
Lease expense - amortization of right-of-use asset		(8,523)
(Increase) decrease in operating assets		
Accounts receivable		(42,681)
Prepaid expenses		6,312
Increase (decrease) in operating liabilities		
Accounts payable		481,053
Deferred revenue		1,158,117
Net cash provided by (used in) operating activities		2,555,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets		(221,076)
Net cash provided by (used in) investing activities		(221,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loans payable		(177,824)
Net cash provided by (used in) financing activities		(177,824)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,156,429
Cash and cash equivalents - Beginning		3,931,767
Cash and cash equivalents - Ending	$	6,088,196
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$	86,378

The notes to the consolidated financial statements are an integral part of this statement.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

New Los Angeles Charter School (the "Organization") was formed as a nonprofit public benefit corporation on August 30, 2006 under the name Progressive Charter School. The name was subsequently changed to New Los Angeles Charter in December 2006. The specific purposes of the Organization are to create, manage, operate, guide, direct and promote one or more public charter schools.

During the year ended June 30, 2023, the Organization operated two public charter schools: New Los Angeles Charter (Charter No. 0998) and New Los Angeles Charter Elementary (Charter No. 1788). Both charter schools are authorized by the Los Angeles Unified School District. Authorization is documented through an approved charter petition. As a result of AB 130 and SB 114, the current charter petition end date is June 30, 2026 for Charter No. 0998 and June 30, 2027 for Charter No. 1788. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

In May 2010, articles of incorporation were filed to establish New Vision Properties, Inc., a separate nonprofit public benefit corporation organized exclusively to support New Los Angeles Charter School. Also in May 2010, articles of organization were filed to establish a limited liability corporation under 5301 Washington LLC, whereby New Vision Properties, Inc. is the sole statutory member of the LLC. As such, the LLC is deemed a disregarded entity and its financial statements are consolidated with New Vision Properties Inc. Additionally, due to the shared governance between New Los Angeles Charter School and New Vision Properties, Inc., the financial information is consolidated with the Organization. Reference to the "Organization" is inclusive of New Los Angeles Charter School and its affiliates, New Vision Properties, Inc. and 5301 Washington LLC.

B. Basis of Accounting

The Charter's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

The Organization also accounts for its financial transactions for the Charters in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is only used to the extent that internal accounting for multiple charter school or other program operations is necessary and is not used for external financial statement presentation.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New Los Angeles Charter School, New Vision Properties, Inc. and 5301 Washington, LLC, which comprise the Organization as a whole. Intercompany accounts and transactions have been eliminated in consolidation.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

F. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

G. In Lieu of Property Tax Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to New Los Angeles Charter School. Revenues are recognized by the Charter when earned.

H. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

I. Cash and Investments

New Los Angeles Charter School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investments

The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

K. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

L. Capital Assets

New Los Angeles Charter School has adopted a policy to capitalize asset purchases over $5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

M. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

N. Right-of-Use Asset and Lease Liability

Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

O. Income Taxes

New Los Angeles Charter School and New Vision Properties, Inc. are 509(a)(1) publicly supported nonprofit organizations that are exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Both entities are also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As an educational institution, New Los Angeles Charter School is not required to register with the California Attorney General as a charity; however, New Vision Properties, Inc. is required to register annually.

Management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2023, consists of cash in banks of $6,088,196 held in noninterest-bearing accounts.

As of June 30, 2023, $6,067,922 of the New Los Angeles Charter School's bank statement balance was exposed to custodial credit risk as there were deposits over $250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. New Los Angeles Charter School does not have a policy for custodial credit risk for deposits. The FDIC insures up to $250,000 per depositor per insured bank.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, consists of the following:

Local control funding sources, state aid	$	927,150
Federal sources		545,255
Other state sources		249,875
In lieu property tax payments		82,036
Other local sources		20,360
Total Accounts Receivable	$	1,824,676

NOTE 4 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

New Los Angeles Charter School	July 1, 2022	Additions	Disposals	June 30, 2023
Property and equipment				
Computers and equipment	$ 112,835	$ 33,346	$ -	$ 146,181
Site improvements	18,628	-	-	18,628
Construction in progress	8,121	195,851	8,121	195,851
Total property and equipment	139,584	229,197	8,121	360,660
Less accumulated depreciation	(104,133)	(12,542)	-	(116,675)
Capital Assets, net	$ 35,451	$ 216,655	$ 8,121	$ 243,985

New Vision Properties, Inc.	July 1, 2022	Additions	Disposals	June 30, 2023
Property and equipment				
Buildings	$ 3,353,339	$ -	$ -	$ 3,353,339
Site improvements	53,000	-	-	53,000
Total property and equipment	3,406,339	-	-	3,406,339
Less accumulated depreciation	(1,993,852)	(171,206)	-	(2,165,058)
Capital Assets, net	$ 1,412,487	$ (171,206)	$ -	$ 1,241,281
Consolidated Capital Assets, net	$ 1,447,938	$ 45,449	$ 8,121	$ 1,485,266

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2023, consists of the following:

Due to grantor government	$ 648,723
Vendor payables	364,763
Salaries and benefits	20,340
Total Accounts Payable	$ 1,033,826

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2023 consists of $1,888,694 in conditional contributions from state funding sources.

NOTE 7 – 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. At June 30, 2023, the right-of-use asset was $1,669,523 and the operating lease liability was $2,013,561.

NOTE 7 – OPERATING LEASE (continued)

The Organization has accounted for its lease agreements using an implied discount rate of 4.75%. The associated asset and liability are amortized over the remaining term of the lease as follows:

Fiscal Year Ending June 30,	Operating Lease Liability	Right-of-Use Asset
2024	$ 298,034	$ 280,830
2025	306,975	280,830
2026	316,184	280,830
2027	325,669	280,830
2028	335,439	280,830
Thereafter	821,155	655,268
Total lease payments	2,403,456	2,059,418
NPV adjustment	(389,895)	(389,895)
Total	$ 2,013,561	$ 1,669,523

NOTE 8 – LOAN PAYABLE

In 2018, the Organization entered into a loan to borrow $1,889,207 from Capital Impact Partners. The loan is to be repaid over a ten-year period ending August 1, 2028. The revolving note bears an interest rate of 6.86%. The loan is secured by property located at 5301 Washington Boulevard in Los Angeles, California. The site is utilized as a school site for the middle school, New Los Angeles Charter (Charter No. 0998).

During the fiscal year ended June 30, 2023, the Organization made payments of $264,202, which included $177,824 of principal and $86,378 of interest expense. As of June 30, 2023, the outstanding balance on the loan was $1,144,350. Repayment obligations on the above referenced debt are as follows:

Fiscal Year Ending June 30,	
2024	$ 264,202
2025	264,202
2026	264,202
2027	264,202
2028	264,202
Thereafter	44,034
Total payments	1,365,044
Less interest	(220,694)
Total	$ 1,144,350

NOTE 9 – NET ASSETS

As of June 30, 2023, the Organization did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization. At June 30, 2023, the Organization's net assets without donor restrictions consists of the following:

Net investment in capital assets	$ 340,916
Undesignated	4,788,400
Total Net Assets without Donor Restrictions	$ 5,129,316

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	$ 6,088,196
Accounts receivable	1,824,676
Prepaid expenses	78,342
Contractual or donor-imposed restrictions	
Cash held for conditional contribtions	(1,888,694)
Financial Assets available to meet cash needs for expenditures within one year	$ 6,102,520

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Organization has made such election for its Charters. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Organization also offers all employees an alternative plan who may not qualify for CalSTRS.

California State Teachers' Retirement System (CalSTRS)

Plan Description
New Los Angeles Charter School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy
Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the fiscal year ended June 30, 2023 were $508,276.

On-Behalf Payments
The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for New Los Angeles Charter School is estimated at $256,872. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)

Alternative Plan

As established by federal law, all public sector employees who are not members of their employer's existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Organization offers both social security and a 403(b) employee funded plan. All employees are eligible to participate in the plans. A participant of the 403(b) plan may make an election to defer compensation and have it contributed to this plan. The Organization's contributions to the 403(b) plan for the fiscal year ended June 30, 2023 were $27,279.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, New Los Angeles Charter and New Los Angeles Charter Elementary are approved to operate as public charter schools through authorization by the Los Angeles Unified School District. As such, the Charters are subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date for Charter No. 0998 was extended to June 30, 2025 and to June 30, 2026 for Charter No. 1788. Refer to Note 14 regarding an additional one-year extension.

The Charters make payments to the authorizing agency to provide required services for special education and for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to $62,751 and total expenses for special education amounted to $114,250 for the fiscal year ending June 30, 2023.

Governmental Funds

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

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Charters' proportionate share of the multiemployer plan's unfunded vested liabilities. The Organization does not currently intend to withdraw the Charters from CalSTRS. Refer to Note 11 for additional information on employee retirement plans.

Pending or Threatened Litigation

The Organization could become involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization as of June 30, 2023.

NOTE 13 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to New Los Angeles Charter School in an effort to advance the Charters' programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles. Additionally, the Organization did not receive any donated items during the year ended June 30, 2023.

NOTE 14 – SUBSEQUENT EVENTS

New Los Angeles Charter School has evaluated subsequent events for the period from June 30, 2023 through January 31, 2024, the date the financial statements were available to be issued.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add "all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year." As a result, the charter petition end date is extended to June 30, 2026 for Charter No. 0998 and to June 30, 2027 for Charter No. 1788.

Effective July 1, 2023, the Organization assumed the operations of a public charter school, City Language Immersion Charter (Charter No. 1538), previously operated by a separate and unrelated nonprofit organization.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

NEW LOS ANGELES CHARTER SCHOOL
LEA ORGANIZATION STRUCTURE
JUNE 30, 2023

This schedule provides information about the local education agency (LEA or charter school), including the charter schools' authorizing agency, grades served, members of the governing body, and members of the administration.

New Los Angeles Charter School, located in Los Angeles County, was formed as a nonprofit public benefit corporation on August 30, 2006. The charter schools operated by the nonprofit, New Los Angeles Charter and New Los Angeles Charter Elementary are authorized by the Los Angeles Unified School District and numbered by the State Board of Education. New Los Angeles Charter is numbered as Charter No. 0998 and New Los Angeles Charter Elementary is Charter No. 1788. During 2022-23, the charter schools collectively served approximately 522 students in grades TK to 8.

BOARD OF DIRECTORS

Name	Office	Term Expiration
Jonathan J. López, Ed.D.	Chair	September 13, 2023
Steve Barrett	Secretary	September 13, 2023
Matt Albert, Ed.D.	Treasurer	September 13, 2023
Allison Arkin	Member	September 13, 2023
Susan M. Nickerson	Member	September 13, 2023
Alan-Michael Graves, Ed.D.	Member	September 13, 2023
Bari Cooper Sherman	Member	December 13, 2023

ADMINISTRATION

Brook Rios, Ed.D.
Executive Director

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 SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

The schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Organization has not elected to use the 10 percent de minimis indirect cost rate.

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 208,626
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	24,397
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	20,070
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	140,858
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	458,821
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	83,230
Subtotal Education Stabilization Fund Discretionary Grants			682,909
Passed through Los Angeles Unified School District:			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	115,106
Total U. S. Department of Education			1,051,108
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition: National School Lunch Program	10.555	13391	144,087
Total U. S. Department of Agriculture			144,087
Total Federal Expenditures			$ 1,195,195

The following schedule provides a reconciliation between revenues reported on the statement of activities and the related expenditures reported on the schedule of expenditures of federal awards. The reconciling amounts represent federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2023 or federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2023.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Activities		$ 1,194,183
Education Stabilization Fund (ESF)	84.425	1,012
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 1,195,195

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	New Los Angeles Charter School				New Vision Properties, Inc.		
Charter No.	0998	1788			5301 Washington		Consolidated
	Middle School	Elementary	Home Office	Total	LLC	Eliminations	Total
ASSETS							
Current assets							
Cash and cash equivalents	$ 3,416,294	$ 2,462,126	$ 130,655	$ 6,009,075	$ 79,121	$ -	$ 6,088,196
Accounts receivable	1,385,272	439,404	-	1,824,676	-	-	1,824,676
Prepaid expenses	84,082	17,177	2,398	103,657	300,150	(325,465)	78,342
Interagency receivables	152,919	-	45	152,964	32,729	(185,693)	-
Total current assets	5,038,567	2,918,707	133,098	8,090,372	412,000	(511,158)	7,991,214
Noncurrent assets							
Deposits	-	-	-	-	63,744	-	63,744
Right-of-use asset	3,067,624	-	-	3,067,624	1,669,523	(3,067,624)	1,669,523
Capital assets, net	55,278	188,149	558	243,985	1,241,281	-	1,485,266
Total noncurrent assets	3,122,902	188,149	558	3,311,609	2,974,548	(3,067,624)	3,218,533
Total Assets	$ 8,161,469	$ 3,106,856	$ 133,656	$ 11,401,981	$ 3,386,548	$ (3,578,782)	$ 11,209,747
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	$ 749,924	$ 232,592	$ 28,259	$ 1,010,775	$ 23,051	$ -	$ 1,033,826
Interagency payables	29,285	3,444	-	32,729	202,964	(235,693)	-
Deferred revenue	953,636	935,058	-	1,888,694	50,000	(50,000)	1,888,694
Operating lease liability	3,231,179	-	-	3,231,179	2,013,561	(3,231,179)	2,013,561
Loan payable	-	-	-	-	1,144,350	-	1,144,350
Total liabilities	4,964,024	1,171,094	28,259	6,163,377	3,433,926	(3,516,872)	6,080,431
Net assets							
Without donor restrictions	3,197,445	1,935,762	105,397	5,238,604	(47,378)	(61,910)	5,129,316
Total net assets	3,197,445	1,935,762	105,397	5,238,604	(47,378)	(61,910)	5,129,316
Total Liabilities and Net Assets	$ 8,161,469	$ 3,106,856	$ 133,656	$ 11,401,981	$ 3,386,548	$ (3,578,782)	$ 11,209,747

NEW LOS ANGELES CHARTER SCHOOL
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	New Los Angeles Charter School					New Vision Properties, Inc.		
Charter No.	0998	1788				5301 Washington		Consolidated
	Middle School	Elementary	Home Office	Eliminations	Total	LLC	Eliminations	Total
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS								
Federal and state support and revenues								
Local control funding formula, state aid	$ 2,831,424	$ 1,730,228	$ -	$ -	$ 4,561,652	$ -	$ -	$ 4,561,652
Federal revenues	760,423	433,760	-	-	1,194,183	-	-	1,194,183
Other state revenues	1,039,114	1,029,216	-	-	2,068,330	-	-	2,068,330
Total federal and state support and revenues	4,630,961	3,193,204	-	-	7,824,165	-	-	7,824,165
Local support and revenues								
Payments in lieu of property taxes	1,086,285	627,175	-	-	1,713,460	-	-	1,713,460
Grants and donations	102,718	29,916	30,000	-	162,634	-	-	162,634
Interagency service fees	-		621,805	(621,805)	-	-	-	-
Rental income	-	-	-	-	-	508,801	(508,801)	-
Other local revenues	70,580	21,327	26,700	-	118,607	-	-	118,607
Total local support and revenues	1,259,583	678,418	678,505	(621,805)	1,994,701	508,801	(508,801)	1,994,701
Total Support and Revenues	5,890,544	3,871,622	678,505	(621,805)	9,818,866	508,801	(508,801)	9,818,866
EXPENSES								
Program services	4,319,283	2,901,810	-	-	7,221,093	257,943	(363,399)	7,115,637
Management and general	1,191,508	503,626	678,505	(621,805)	1,751,834	257,584	(83,492)	1,925,926
Total Expenses	5,510,791	3,405,436	678,505	(621,805)	8,972,927	515,527	(446,891)	9,041,563
CHANGE IN NET ASSETS	379,753	466,186	-	-	845,939	(6,726)	(61,910)	777,303
Net Assets - Beginning	2,817,692	1,469,576	105,397	-	4,392,665	(40,652)	-	4,352,013
Net Assets - Ending	$ 3,197,445	$ 1,935,762	$ 105,397	$ -	$ 5,238,604	$ (47,378)	$ (61,910)	$ 5,129,316

NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

	New Los Angeles Charter "Middle School" (Charter No. 0998)		New Los Angeles Elementary "Elementary" (Charter No. 1788)	
	Second Period Report	Annual Report	Second Period Report	Annual Report
	Classroom-Based		Classroom-Based	
Grade Span				
Regular				
Kindergarten* through third	-	-	101.82	103.49
Fourth through sixth	102.29	102.22	73.09	737.70
Seventh through eighth	195.49	191.23	-	-
Special education				
Fourth through sixth	0.15	0.33	-	-
Total Average Daily Attendance - Classroom-Based	297.93	293.78	174.91	841.19
	Nonclassroom-Based		Nonclassroom-Based	
Grade Span				
Regular				
Fourth through sixth	0.28	2.03	-	-
Total Average Daily Attendance - Nonclassroom-Based	0.28	2.03	-	-
Total Average Daily Attendance	298.21	295.81	174.91	841.19

*Includes Transitional Kindergarten (TK)

NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023

This schedule presents information on the amount of instructional time offered per grade level by the charter schools operated by the Organization and whether the charter schools complied with the provisions of *Education Code Section* 47612.5.

Charter School Grade Level	Minutes Requirement	2022-23 Instructional Minutes	2022-23 Number of Days	Status
New Los Angeles Elementary (Charter No. 1788)				
Kindergarten*	36,000	54,990	175	Complied
Grade 1	50,400	54,990	175	Complied
Grade 2	50,400	54,990	175	Complied
Grade 3	50,400	54,990	175	Complied
Grade 4	54,000	54,990	175	Complied
Grade 5	54,000	54,990	175	Complied
New Los Angeles Charter (Charter No. 0998)				
Grade 6	54,000	66,185	175	Complied
Grade 7	54,000	66,185	175	Complied
Grade 8	54,000	66,185	175	Complied

*Includes Transitional Kindergarten (TK)

NEW LOS ANGELES CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements.

Charter No.	0998 Middle School	1788 Elementary
June 30, 2023, net position in the Charter Schools Enterprise Fund per Annual Financial and Budget Report (Unaudited Actuals)	$ 3,135,535	$ 1,959,973
Adjustments:		
Increase (decrease) in total net assets:		
Lease expense for amoritzation of right-of-use asset	61,910	-
Client closing adjustments	-	(24,211)
Net adjustments	61,910	(24,211)
June 30, 2023, net assets per audited financial statements	$ 3,197,445	$ 1,935,762

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

To the Board of Directors of
New Los Angeles Charter School
Los Angeles, California

We have audited, 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, the consolidated financial statements of New Los Angeles Charter School (the "Organization") as of and for the year ended June 30, 2023, and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 31, 2024.

Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 or significant deficiencies may exist that were not identified.

Report on 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*.

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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.

Christy White, Inc.

San Diego, California
January 31, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the Board of Directors of
New Los Angeles Charter School
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Los Angeles Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Los Angeles Charter School's major federal programs for the year ended June 30, 2023. New Los Angeles Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Los Angeles Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 New Los Angeles Charter School 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 on compliance for each major federal program. Our audit does not provide a legal determination of New Los Angeles Charter School'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 New Los Angeles Charter School'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 New Los Angeles Charter School's compliance based on our audit.

Auditor's Responsibilities for the Audit of Compliance (continued)

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 generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about New Los Angeles Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 New Los Angeles Charter School's compliance with the compliance requirements referred to above and performing such procedures as we consider necessary in the circumstances.
- Obtain an understanding of New Los Angeles Charter School'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Los Angeles Charter School'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, significant audit findings, and certain 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 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 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. 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.

Report on Internal Control Over Compliance (continued)

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.

Christy White, Inc.

San Diego, California
January 31, 2024

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

To the Board of Directors of
New Los Angeles Charter School
Los Angeles, California

Report on State Compliance

Opinion on State Compliance

We have audited New Los Angeles Charter School's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to New Los Angeles Charter School's state program requirements for the fiscal year ended June 30, 2023. Reference to New Los Angeles Charter School within this letter is inclusive of New Los Angeles Charter (No. 0998) and New Los Angeles Charter Elementary (Charter No. 1788).

In our opinion, New Los Angeles Charter School complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of New Los Angeles Charter School and to meet certain 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 on state compliance. Our audit does not provide a legal determination of New Los Angeles Charter School'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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to New Los Angeles Charter School's state programs.

Auditor's Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Los Angeles Charter School's compliance based on our audit.

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Auditor's Responsibilities for the Audit for State Compliance (continued)

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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about New Los Angeles Charter School's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, 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 New Los Angeles Charter School's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Los Angeles Charter School'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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of New Los Angeles Charter School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine New Los Angeles Charter School's compliance with the state laws and regulations to the following items:

Description	Procedures Performed	
	Charter No. 0998	**Charter No. 1788**
School Districts, County Offices of Education and Charter Schools		
California Clean Energy Jobs Act	Not applicable	Not applicable
After/Before School Education and Safety Program	Yes	Yes
Proper Expenditure of Education Protection Account Funds	Yes	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes
Local Control and Accountability Plan	Yes	Yes
Independent Study-Course Based	Not applicable	Not applicable
Immunizations	Yes	Yes
Educator Effectiveness	Yes	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes	Yes
Career Technical Education Incentive Grant	Not applicable	Not applicable
Transitional Kindergarten	Not applicable	Yes
Charter Schools		
Attendance	Yes	Yes
Mode of Instruction	Yes	Yes
Nonclassroom-Based Instruction/Independent Study	No*	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable	Not applicable
Annual Instructional Minutes – Classroom Based	Yes	Yes
Charter School Facility Grant Program	Yes	Not applicable

**We did not perform testing of Nonclassroom-Based Instruction/Independent Study for Charter No. 0998 because reported average daily attendance was not material.*

"Not applicable" is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 state 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 state 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 State Compliance section 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. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 31, 2024

FINDINGS AND QUESTIONED COSTS SECTION

NEW LOS ANGELES CHARTER SCHOOL
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	None

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	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:	

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425U	Education Stabilization Fund Discretionary Grants

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

State Awards

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies* ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

All audit year findings, if any, are assigned an appropriate finding code as follows:

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2023.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2023.

STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2023.

NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

This schedule presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit. There was one audit finding related to state awards reported in the year ended June 30, 2022.

FINDING 2022-001: UNDUPLICATED LOCAL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: 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 Cost: 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 the previous auditor 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.

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.

Current Status: Correction action plan was implemented.