



**NEW LOS ANGELES
CHARTER SCHOOLS**

NEW LOS ANGELES CHARTER SCHOOL

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2024**

**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)
City Language Immersion Charter (Charter No. 1538)

NEW LOS ANGELES CHARTER SCHOOL
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JUNE 30, 2024

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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 financial statements of New Los Angeles Charter School (the "Organization") which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Los Angeles Charter School as of June 30, 2024, 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 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.

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 Organization'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 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 financial statements.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, 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.

Christy White, Inc.

San Diego, California
December 13, 2024

**NEW LOS ANGELES CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024**

	Charter No.	0998 Middle School	1788 Elementary	1538 CLIC	Home Office	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$	3,486,357	\$ 1,165,000	\$ 3,491,359	\$ 210,351	\$ 8,353,067
Accounts receivable		1,376,713	592,155	999,184	7,345	2,975,397
Prepaid expenses		128,659	27,855	24,409	2,073	182,996
Interagency receivables		123,634	86,078	583,346	1,945	795,003
Total current assets		<u>5,115,363</u>	<u>1,871,088</u>	<u>5,098,298</u>	<u>221,714</u>	<u>12,306,463</u>
Noncurrent assets						
Deposits		-	74,284	-	-	74,284
Right-of-use asset		3,067,624	175,129	-	-	3,242,753
Capital assets, net		74,904	802,480	95,504	2,898	975,786
Total noncurrent assets		<u>3,142,528</u>	<u>1,051,893</u>	<u>95,504</u>	<u>2,898</u>	<u>4,292,823</u>
Total Assets	\$	<u>8,257,891</u>	<u>\$ 2,922,981</u>	<u>\$ 5,193,802</u>	<u>\$ 224,612</u>	<u>\$ 16,599,286</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	\$	592,270	\$ 469,660	\$ 537,214	\$ 27,846	\$ 1,626,990
Deferred revenue		1,051,148	588,760	843,312	123,131	2,606,351
Operating lease liability		3,231,179	264,651	-	-	3,495,830
Total liabilities		<u>4,874,597</u>	<u>1,323,071</u>	<u>1,380,526</u>	<u>150,977</u>	<u>7,729,171</u>
Net assets						
Without donor restrictions		3,383,294	1,599,910	3,813,276	73,635	8,870,115
Total net assets		<u>3,383,294</u>	<u>1,599,910</u>	<u>3,813,276</u>	<u>73,635</u>	<u>8,870,115</u>
Total Liabilities and Net Assets	\$	<u>8,257,891</u>	<u>\$ 2,922,981</u>	<u>\$ 5,193,802</u>	<u>\$ 224,612</u>	<u>\$ 16,599,286</u>

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

**NEW LOS ANGELES CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Charter No.	0998	1788	1538			
	Middle School	Elementary	CLIC	Home Office	Eliminations	Total
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS						
Federal and state support and revenues						
Local control funding formula, state aid	\$ 3,082,202	\$ 1,681,005	\$ 2,951,650	\$ -	\$ -	\$ 7,714,857
Federal revenues	876,086	413,419	544,520	-	-	1,834,025
Other state revenues	1,250,325	1,154,434	1,481,586	-	-	3,886,345
Total federal and state support and revenues	5,208,613	3,248,858	4,977,756	-	-	13,435,227
Local support and revenues						
Payments in lieu of property taxes	1,192,445	631,023	1,314,373	-	-	3,137,841
Grants and donations	75,683	54,610	50,188	47,450	-	227,931
Interagency service fees	-	-	-	751,811	(751,811)	-
Investment income, net	-	-	159	-	-	159
Other local revenues	12,755	3,713	22,405	43,200	-	82,073
Total local support and revenues	1,280,883	689,346	1,387,125	842,461	(751,811)	3,448,004
Total Support and Revenues	6,489,496	3,938,204	6,364,881	842,461	(751,811)	16,883,231
EXPENSES						
Program services	5,121,518	3,828,746	4,847,225	-	-	13,797,489
Management and general	1,182,129	445,310	1,272,876	874,223	(751,811)	3,022,727
Total Expenses	6,303,647	4,274,056	6,120,101	874,223	(751,811)	16,820,216
OTHER ITEMS						
Mergers and acquisitions	-	-	3,568,496	-	-	3,568,496
CHANGE IN NET ASSETS	185,849	(335,852)	3,813,276	(31,762)	-	3,631,511
Net Assets - Beginning	3,197,445	1,935,762	-	105,397	-	5,238,604
Net Assets - Ending	\$ 3,383,294	\$ 1,599,910	\$ 3,813,276	\$ 73,635	\$ -	\$ 8,870,115

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

**NEW LOS ANGELES CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 4,699,120	\$ -	\$ 4,699,120
Non-certificated salaries	645,302	1,337,067	1,982,369
Pension plan contributions	871,938	-	871,938
Payroll taxes	127,411	147,054	274,465
Other employee benefits	466,171	97,053	563,224
Total personnel expenses	6,809,942	1,581,174	8,391,116
Non-personnel expenses			
Books and supplies	988,256	79,936	1,068,192
Insurance	-	193,334	193,334
Facilities	2,115,316	315,139	2,430,455
Professional services	3,608,810	686,468	4,295,278
Depreciation	64,784	1,282	66,066
Fees to authorizing agency	183,632	108,552	292,184
Other operating expenses	26,749	56,842	83,591
Total non-personnel expenses	6,987,547	1,441,553	8,429,100
Total Expenses	\$ 13,797,489	\$ 3,022,727	\$ 16,820,216

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

NEW LOS ANGELES CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets, excluding other items	\$ 63,015
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Transfer of cash associated with merger	3,161,118
Depreciation	66,066
Lease expense - amortization of right-of-use asset	85,345
(Increase) decrease in operating assets	
Accounts receivable	511,066
Prepaid expenses	(20,733)
Interagency receivables	(534,140)
Deposits	(74,284)
Increase (decrease) in operating liabilities	
Accounts payable	341,311
Deferred revenue	(659,367)
Net cash provided by (used in) operating activities	<u>2,939,397</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(595,405)</u>
Net cash provided by (used in) investing activities	<u>(595,405)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 2,343,992

Cash and cash equivalents - Beginning 6,009,075

Cash and cash equivalents - Ending \$ 8,353,067

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ -</u>
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The notes to the financial statements are an integral part of this statement.

**NEW LOS ANGELES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

During the year ended June 30, 2024, the Organization operated three public charter schools: New Los Angeles Charter (Charter No. 0998), New Los Angeles Charter Elementary (Charter No. 1788), and City Language Immersion Charter (Charter No. 1538). All 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 Charters No. 0998 and No. 1538, and June 30, 2027 for Charter No. 1788. Effective July 1, 2023, the Organization assumed the operations of City Language Immersion Charter (CLIC), previously operated by a separate and unrelated nonprofit organization, City Charter Schools.

B. Separate Consolidated Financial Report

The accompanying financial statements do not include consolidated accounts of the Organization’s subsidiaries, which include New Vision Properties, Inc., 5301 Washington, LLC, and 4001 Venice LLC. A separate consolidated financial report will be issued to provide a comprehensive view of the financial position and performance of the Organization and its subsidiaries. This decision is based on the complexity of consolidation in its initial year merger with 4001 Venice LLC and CLIC. The K-12 compliance requirements that the Organization is subject to with regards to operation of its public charter schools and is included in this report was also reason for the standalone financials statements to hold value. Consolidated financial statements will be issued after issuance of this financial report and available no later than May 2025. Once issued, the consolidated financial statements may be available upon request. The issuance of this separate report does not impact the financial information presented in these standalone financial statements.

C. Basis of Accounting

The Organization’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.

D. 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

The Organization also accounts for its financial transactions for the charter schools 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.

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 the Organization. Revenues are recognized by the Organization 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

The Organization 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 Organization'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 Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

L. Capital Assets

The Organization has adopted a policy to capitalize asset purchases over \$1,000. 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 is a 509(a)(1) publicly supported nonprofit organizations that is 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. The Organization is also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As an educational institution, the Organization is not required to register with the California Attorney General as a charity.

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.

NEW LOS ANGELES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

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, 2024, consists of cash in banks of \$8,353,067. As of June 30, 2024, a portion of the Organization'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. The FDIC insures up to \$250,000 per depositor per insured bank. The Organization will be implementing a policy to mitigate this risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consists of the following:

Local control funding sources, state aid	\$ 1,036,529
Federal sources	976,569
Other state sources	539,762
In lieu property tax payments	23,916
Other local sources	398,621
Total Accounts Receivable	<u><u>\$ 2,975,397</u></u>

NOTE 4 – CAPITAL ASSETS

As of June 30, 2024 capital assets consists of the following:

Property and equipment	
Leasehold improvements	\$ 879,255
Furniture and equipment	333,059
Construction in progress	28,874
Total property and equipment	<u>1,241,188</u>
Less accumulated depreciation	<u>(265,402)</u>
Capital Assets, net	<u><u>\$ 975,786</u></u>

NEW LOS ANGELES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2024, consists of the following:

Due to grantor government	\$ 913,627
Vendor payables	692,997
Credit card liability	18,192
Salaries and benefits	2,174
Total Accounts Payable	\$ 1,626,990

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2024 consists of \$2,606,351 in conditional contributions from state funding sources.

NOTE 7 – OPERATING LEASES

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, 2024, the right-of-use asset was \$3,242,753 and the operating lease liability was \$3,495,830. The Organization has accounted for its lease agreements using an implied discount rate of 4.75%. Future lease payments for the remaining term of the leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Payments</u>
2025	\$ 306,975
2026	316,184
2027	325,669
2028	335,439
2029	821,156
Thereafter	1,780,302
Total lease payments	3,885,725
NPV adjustment	(389,895)
Total Operating Lease Liability	\$ 3,495,830

NOTE 8 – NET ASSETS

As of June 30, 2024, 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, 2024, the Organization's net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 975,786
Undesignated	7,894,329
Total Net Assets without Donor Restrictions	\$ 8,870,115

NEW LOS ANGELES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2024, 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	\$ 8,353,067
Accounts receivable	2,975,397
Prepaid expenses	182,996
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 11,511,460</u>

NOTE 10 – 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 the charter schools. 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

The Organization 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 2023-24 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2023-24 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, 2024 were \$836,073; 100% of the required contribution.

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 the charter schools is estimated at \$251,563. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

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, 2024 were \$35,865.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, the charter schools operated by the Organization are approved to operate as public charter schools through authorization by the Los Angeles Unified School District. As such, the charter schools 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.

The Organization makes 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 \$108,552 and total expenses for special education amounted to \$183,632 for the fiscal year ending June 30, 2024.

Governmental Funds

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 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 charter schools' 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 10 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, 2024.

NOTE 12 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to the Organization in an effort to advance the charter schools' programs and objectives. These services have not been recorded in the Organization'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, 2024.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for the period from June 30, 2024 through December 13, 2024, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

**NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

The accompanying 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:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 269,454
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	33,740
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	30,101
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	598,951
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	267,746
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	37,990
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	8,719
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	24,765
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	42,691
Subtotal Education Stabilization Fund Discretionary Grants			<u>980,862</u>
<i>Passed through Los Angeles Unified School District:</i>			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	<u>202,923</u>
Total U. S. Department of Education			<u>1,517,080</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition: National School Lunch Program	10.555	13391	<u>316,945</u>
Total U. S. Department of Agriculture			<u>316,945</u>
Total Federal Expenditures			<u>\$ 1,834,025</u>

**NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

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)		City Language Immersion Charter "CLIC" (Charter No. 1538)	
	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
	Classroom-Based		Classroom-Based		Classroom-Based	
Grade Span						
Regular						
Kindergarten* through third	-	-	101.69	102.50	229.77	230.27
Fourth through sixth	103.23	103.23	58.10	57.87	103.08	103.11
Seventh through eighth	199.19	199.19	-	-	-	-
Total Average Daily Attendance - Classroom-Based	302.42	302.42	159.79	160.37	332.85	333.38
	Nonclassroom-Based		Nonclassroom-Based		Nonclassroom-Based	
Grade Span						
Regular						
Kindergarten through third	-	-	-	-	-	0.05
Seventh through eighth	0.34	0.34	-	-	-	-
Total Average Daily Attendance - Nonclassroom-Based	0.34	0.34	-	-	-	0.05
Total Average Daily Attendance	302.76	302.76	159.79	160.37	332.85	333.43

*Includes Transitional Kindergarten (TK)

**NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024**

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

Charter School Grade Level	Instructional Minutes				Instructional Days				Status
	Annual Requirement	Annual Minutes	Credited Minutes**	Offered Minutes	Minimum Requirement	Annual Days	Credited Days**	Offered Days	
New Los Angeles Elementary (Charter No. 1788)									
Kindergarten*	36,000	54,210	0	54,210	175	175	0	175	Complied
Grade 1	50,400	54,210	0	54,210	175	175	0	175	Complied
Grade 2	50,400	54,210	0	54,210	175	175	0	175	Complied
Grade 3	50,400	54,210	0	54,210	175	175	0	175	Complied
Grade 4	54,000	54,210	0	54,210	175	175	0	175	Complied
Grade 5	54,000	54,210	0	54,210	175	175	0	175	Complied
New Los Angeles Charter (Charter No. 0998)									
Grade 6	54,000	66,245	0	66,245	175	175	0	175	Complied
Grade 7	54,000	66,245	0	66,245	175	175	0	175	Complied
Grade 8	54,000	66,245	0	66,245	175	175	0	175	Complied
City Language Immersion Charter (Charter No. 1538)									
Kindergarten*	36,000	45,705	270	45,435	175	175	1	174	Complied
Grade 1	50,400	51,510	315	51,195	175	175	1	174	Complied
Grade 2	50,400	51,510	315	51,195	175	175	1	174	Complied
Grade 3	50,400	56,205	330	55,875	175	175	1	174	Complied
Grade 4	54,000	56,205	330	55,875	175	175	1	174	Complied
Grade 5	54,000	56,205	330	55,875	175	175	1	174	Complied

*Includes Transitional Kindergarten (TK)

**Charter No. 1538 received an approved Form J-13A for the number of instructional days and number of instructional minutes indicated above.

**NEW LOS ANGELES CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024**

This schedule provides the information necessary to reconcile net position for the Charter Schools Enterprise Fund reported on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

	Charter No.	0998 Middle School	1788 Elementary	1538 CLIC
June 30, 2024, net position in the Charter Schools Enterprise Fund per Annual Financial and Budget Report (Unaudited Actuals)		<u>\$ 3,135,535</u>	<u>\$ 1,959,973</u>	<u>\$ 3,743,857</u>
Adjustments:				
Increase (decrease) in total net assets:				
Client closing adjustments		<u>247,759</u>	<u>(360,063)</u>	<u>69,419</u>
Net adjustments		<u>247,759</u>	<u>(360,063)</u>	<u>69,419</u>
June 30, 2024, net assets per audited financial statements		<u>\$ 3,383,294</u>	<u>\$ 1,599,910</u>	<u>\$ 3,813,276</u>

OTHER INFORMATION

**NEW LOS ANGELES CHARTER SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024**

This schedule provides information about the local education agency (LEA or charter school), including the charter school's 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 Organization operates three public charter schools, which are each authorized by the Los Angeles Unified School District and numbered by the State Board of Education. During 2023-24, the charter schools collectively served approximately 867 students in grades TK to 8. Information for each charter school is as follows:

Charter Name	Charter No.	Grades Served	Petition End Date
New Los Angeles Charter	0998	6 - 8	June 30, 2026
New Los Angeles Charter Elementary	1788	TK - 5	June 30, 2027
City Language Immersion Charter	1538	TK - 5	June 30, 2026

GOVERNING BOARD

Name	Office	Term Expiration
Jonathan J. López, Ed.D.	Chair	September 12, 2024
Allison Arkin	Secretary	September 12, 2024
Matt Albert, Ed.D.	Treasurer	September 12, 2024
Bari Cooper Sherman	Member	September 12, 2024
Maria Gabriel*	Member	September 12, 2024
Alan-Michael Graves, Ed.D.	Member	September 12, 2024
Paulina Lopez	Member	September 9, 2025

ADMINISTRATION

Brooke Rios, Ed.D.
Chief Executive Officer

Xochitl Lira, Ed.D.
Chief Operating Officer

Kate O'Brien
Chief of Schools

Jenna Rosenberg
Principal,
New Los Angeles Elementary

Gabrielle Brayton
Principal,
New Los Angeles Charter

Rebecca Heneise
Principal,
City Language Immersion Charter

*Ms. Gabriel resigned in May 2024.

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 financial statements of New Los Angeles Charter School (the "Organization") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated December 13, 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*.

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
December 13, 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, 2024. 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, 2024.

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, 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 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.

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
December 13, 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 *2023-24 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, 2024. Reference to New Los Angeles Charter School within this letter is inclusive of New Los Angeles Charter (Charter No. 0998), New Los Angeles Charter Elementary (Charter No. 1788), and City Language Immersion Charter (Charter No. 1538).

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, 2024, 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 *2023-24 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.

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	Charter No. 1538
School Districts, County Offices of Education and Charter Schools			
Proposition 28 Arts and Music in Schools	Yes	Yes	Yes
After/Before School Education and Safety Program	Yes	Yes	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes	Yes	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes	Yes
Local Control and Accountability Plan	Yes	Yes	Yes
Independent Study-Course Based	Not applicable	Not applicable	Not applicable
Immunizations	Yes	Yes	Yes
Educator Effectiveness	Yes	Yes	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes	Yes	Yes
Career Technical Education Incentive Grant	Not applicable	Not applicable	Not applicable
Expanded Learning Opportunities Program	Yes	Yes	Yes
Transitional Kindergarten	Not applicable	Yes	Yes
Charter Schools			
Attendance	Yes	Yes	Yes
Mode of Instruction	Yes	Yes	Yes
Nonclassroom-Based Instruction/Independent Study	No*	Not applicable	No*
Determination of Funding for Nonclassroom-Based Instruction	Not applicable	Not applicable	Not applicable
Annual Instructional Minutes – Classroom Based	Yes	Yes	Yes
Charter School Facility Grant Program	Not applicable	Not applicable	Not applicable

**We did not perform testing of Nonclassroom-Based Instruction/Independent Study because ADA 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
December 13, 2024

FINDINGS AND QUESTIONED COSTS SECTION

**NEW LOS ANGELES CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>AL Number(s)</u> <u>Name of Federal Program or Cluster</u>	
84.425, 84.425U Education Stabilization Fund Discretionary Grants	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with <i>2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

PART II – FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2024.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2024.

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2024.

PART V – SUMMARY OF PRIOR AUDIT FINDINGS

This section presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2023.