GHC GRANADA HILLS CHARTER HIGH SCHOOL

LOS ANGELES COUNTY
GRANADA HILLS, CALIFORNIA

CONSOLIDATED FINANCIAL STATEMENTS ANDSUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2017

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Independent Auditor's Report

To the Board of Directors
Granada Hills Charter High School
Granada Hills, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Granada Hills Charter High School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granada Hills Charter High School as of June 30, 2017, 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying additional supplementary information, as required by the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations*, section 19810 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of Granada Hills Charter High 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 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 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 Granada Hills Charter High School's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 12, 2017

Financial Statements

GRANADA HILLS CHARTER HIGH SCHOOL

Consolidated Statement of Financial Position

June 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents	12,178,043
Investments	3,984,376
Accounts receivable	1,333,673
Prepaid expenditures	165,511
Inventory	107,996
Total Current Assets	17,769,599
Noncurrent Assets	
Capital assets, net	14,842,795
Total Noncurrent Assets	14,842,795
TOTAL ASSETS	$ 32,612,394
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 1,263,078
Accrued payroll	3,982,977
Accounts payable to student groups	245,736
Unearned revenue	155,263
Accrued vacation liability	205,884
Total Current Liabilities	5,852,938
Long Term Liabilities	
Bonds payable, less current portion	10,536,531
Total Long Term Liabilities	10,536,531
Total Liabilities	16,389,469
Net Assets	
Unrestricted	15,804,122
Temporarily restricted	418,803
Total Net Assets	16,222,925
TOTAL LIABILITIES AND NET ASSETS	$ 32,612,394

The accompanying notes are an integral part of this statement.

GRANADA HILLS CHARTER HIGH SCHOOL

Consolidated Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Revenue			
LCFF state aid, current year	$25,793,025	$ -	$25,793,025
LCFF state aid, prior year	(32,056)	-	(32,056)
Education protection account funds	6,948,432	-	6,948,432
Payments in lieu of property taxes	9,631,317	-	9,631,317
Federal revenue	-	3,333,021	3,333,021
Other state revenue	1,790,426	4,668,443	6,458,869
Interest	218,330	-	218,330
Other local revenue	1,056,846	2,227,175	3,284,021
Total Revenues	45,406,320	10,228,639	55,634,959
Net assets released from restrictions:			
Grant restrictions satisfied	10,196,213	(10,196,213)	-
TOTAL REVENUE AND SUPPORT	55,602,533	32,426	55,634,959
EXPENSES			
Certificated salaries	22,013,125	-	22,013,125
Classified salaries	7,489,496	-	7,489,496
Taxes and employee benefits	10,735,345	-	10,735,345
Books and supplies	6,333,228	-	6,333,228
Rentals, leases and repairs	3,048,449	-	3,048,449
Other operating expenditures	6,224,410	-	6,224,410
Debt service	258,182	-	258,182
Depreciation expense	546,060	-	546,060
TOTAL EXPENSES	56,648,295	-	56,648,295
CHANGE IN NET ASSETS	(1,045,762)	32,426	(1,013,336)
NET ASSETS, BEGINNING OF YEAR[1]	16,849,884	386,377	17,236,261
NET ASSETS, END OF YEAR	$15,804,122	$ 418,803	$16,222,925

[1] See Note R for Restatement of Beginning Net Assets

The accompanying notes are an integral part of this statement.

GRANADA HILLS CHARTER HIGH SCHOOL

Consolidated Statement of Cash Flows

Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (1,013,336)
Depreciation	546,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease resulting from changes in assets:	
Accounts receivable	394,184
Prepaid expenditures	148,124
Inventory	17,048
Other current assets	1,325
Increase (Decrease) resulting from changes in liabilities:	
Accounts payable	(118,500)
Accrued payroll	(352,078)
Accounts payable to student groups	(46,930)
Unearned revenue	80,263
Accrued vacation liability	7,484
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(336,356)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(674,966)
Increase in investments	(1,330,392)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,005,358)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loan payable	5,536,531
Principal payments on loan payable	(4,000,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,536,531
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(805,183)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,983,226
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,178,043

The accompanying notes are an integral part of this statement.

A. Organization and Summary of Significant Accounting Policies

Organization

Granada Hills Charter High School (the School) was formed as a charter school pursuant to California Education Code §47600 under a charter agreement with Los Angeles Unified School District (the District). The School became a nonprofit benefit corporation on October 22, 2010. The charter agreement was approved by Los Angeles Unified School District and submitted to the California Board of Education in May 2003. The charter agreement was subsequently renewed for two additional five-year terms in 2009 and 2014. The current charter agreement runs through June 30, 2019.

Granada Hills Charter High School is a tuition-free public high school. The School's mission is to create a community-based high performance model of educational excellence guided by core beliefs, cultural sensitivity, research-based instruction, collaboration, and built-in accountability, that serves the social and academic needs of a diverse student body reflective of the population of the Los Angeles Unified School District and other public schools.

17081 Devonshire LLC (the Corporation) was formed in February 2017, as a California limited liability company, whose sole member is Granada Hills Charter High School.

Basis of Consolidation

The accompanying financial statements include the accounts of Granada Hills Charter High School (the School) and the accounts of 17081 Devonshire LLC (the Corporation), a California limited liability company, of which the School is the sole member and a related organization. All significant intercompany accounts and transactions have been eliminated in consolidation. Management makes estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the School is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor or grant restrictions.
- Temporarily restricted net assets consist of contributed funds or grants subject to donor or grant imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the School may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The School had no permanently restricted net assets during the year.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all highly liquid debt equity instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The School's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments results in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as management believes that all amounts are collectible.

Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the School's earnings. Management has elected to capitalize and depreciate all assets costing $5,000 or more; all other assets are charged to expense in the year incurred. The School's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the School's estimate to recover the carrying amount of the property and equipment will change. Estimated useful lives range from three to fifty years depending on the asset.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition or when resources are received by the School prior to the School meeting the requirements for legal claim to the resources.

In subsequent periods, when both revenue recognition criteria are met or when the School has legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

All donor or grant restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The School receives services donated by volunteers in carrying out the School's operations. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies temporarily restricted net assets to unrestricted net assets at that time.

LCFF Revenues and Payments in Lieu of Property Taxes

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the School's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the School, which is funding in lieu of property taxes and education protection account funds paid by the state under proposition 30. The remaining balance is paid from the state General Fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 76% of the school's revenue. The School is not at risk of losing these funding sources, as long as the school maintains a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

Advertising

Advertising costs are expensed when incurred

Income Taxes

The School is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2017, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2017.

The School files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 12, 2017 the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

Cash in County Treasury

The School is a voluntary participant and therefore maintains a portion of its cash in the Los Angeles County Treasury as part of the common investment pool ($5,707,744 as of June 30, 2017). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the School's investment in this pool is reported in the accompanying financial statements at amounts based upon the School's pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis.

The Los Angeles County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background, in public finance. In addition, the County Treasury is audited annually by an independent auditor.

Cash in Bank

The remainder of the School's cash ($6,470,299 as of June 30, 2017) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. As of June 30, 2017, the School did not have any cash that was exposed to uninsured deposit risk.

At June 30, 2017 the School had two bank accounts in financial institutions whose bank balance exceeded the FDIC insurance coverage by $5,969,048. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

C. Investments

Investments, carried at fair value at June 30, 2017 and held on behalf of the School, are presented below, categorized separately to give an indication of the level of risk associated with each investment:

Category 1: Insured or registered, or securities held by the School or its agent in the School's name.

Category 2: Uninsured and unregistered, with securities held by the counter party's trust department or agent in the School's name.

Category 3: Uninsured and unregistered, with securities held by the county party, or by its trust department or agent but not in the School's name.

	Category			
	1	2	3	Fair Value
Payden Absolute Return Bond Fund	$ 340,568	-	-	$ 340,568
Payden Core Bond Fund	684,075	-	-	684,075
Payden Low Duration Fund	1,506,050	-	-	1,506,050
Payden Startegic Income Fund	853,742	-	-	853,742
Wilmington Trust	75,265	-	-	75,265
Blackrock Liquidity Funds	524,676	-	-	524,676
	$ 3,984,376	$ -	$ -	$ 3,984,376

D. Accounts Receivable

As of June 30, 2017 accounts receivable consisted of:

Federal Government:	
Federal Grants	$ 630,212
State Government:	
Lottery Revenue	189,666
Other State Grants	14,483
Local Sources:	
In Lieu of Property Taxes	493,675
Other Local Sources	5,637
Total Accounts Receivable	$ 1,333,673

E. Prepaid Expenses

As of June 30, 2017 prepaid expenses consisted of $165,511 in prepaid vendor payments.

F. Capital Assets

As of June 30, 2017 capital assets consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 6,102,402	$ -	$ -	$ 6,102,402
Building	7,613,114	596,230	-	8,209,344
Leasehold improvements	2,256,968	-	-	2,256,968
Equipment	1,670,115	78,736	-	1,748,851
Total capital assets	17,642,599	674,966	-	18,317,565
Less accumulated depreciation	(2,928,710)	(546,060)	-	(3,474,770)
Capital assets, net	$ 14,713,889	$ 128,906	$ -	$ 14,842,795

G. Accounts Payable

As of June 30, 2017 accounts payable consisted of:

Vendors payable	$ 699,696
Accounts payable to LAUSD	526,499
Debt interest expense	36,883
Total Accounts Payable	$ 1,263,078

H. Unearned Revenue

As of June 30, 2017 unearned revenue consisted of:

California Technical Education Incentive Grant	$ 150,000
Prepaid cafeteria accounts	5,263
Total Unearned Revenue	$ 155,263

I. Note Payable

On September 12, 2014, the School closed on a $4 million loan through Capital Impact Partners. The term for the note is 18 months, renewable for an additional six months on the approval of the lender. On September 19, 2016 the promissory note was amended to extend the maturity date to April 1, 2017. The interest rate on the note is 6.50%. Accrued interest is paid monthly with the principal amount due at maturity. The note was paid in full during the 2016-17 year.

J. Long-Term Debt

1. Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
Qualified School Construction Bonds Series 2010-B	9/30/2010	4.426%	7/1/2020	$ 5,000,000
School Facility Revenue Bonds Series 2017-A	3/8/2017	5.500%	7/1/2048	5,420,000
School Facility Revenue Bonds Series 2017-B Taxable	3/8/2017	5.000%	7/1/2022	370,000
Total Bonds				$10,790,000

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Qualified School Construction Bonds Series 2010B	$ 5,000,000	$ -	$ -	$ 5,000,000	$ -
School Facility Revenue Bonds Series 2017 A	-	5,420,000	-	5,420,000	-
School Facility Revenue Bonds Series 2017 B Taxable	-	370,000	-	370,000	-
2017 Series A&B Bond Premium	-	149,909	-	149,909	-
2017 Series A&B Bond Issuance Costs	-	(403,378)	-	(403,378)	-
Total Long-Term Obligations	$ 5,000,000	$ 5,536,531	$ -	$ 10,536,531	$ -

In October 2010, the School issued California School Finance Authority Education Facilities Revenue Bonds, Series 2010 B Qualified School Construction Bonds in the amount of $5,000,000. The School used proceeds of the bonds to finance the acquisition, construction, improvement and equipping of certain charter school facilities utilized by the School and to pay certain costs of issuance of the 2010 B Bonds.

The maturity date of the Series 2010 B Bonds is July 1, 2020 and the bonds bear interest at a rate of 4.426%. Repayment of the bonds consist of interest only annual payments of $221,300, with principal and any unpaid interest due and payable on July 1, 2020.

On March 8, 2017, 17081 Devonshire LLC, whose sole member is the School, entered into a loan agreement with the California Municipal Finance Authority for the issuance of $5,420,000 Series 2017 A Tax-Exempt School Facility Revenue Bonds and $370,000 Series 2017 B School Facility Revenue Taxable Bonds. The proceeds will be used to finance and refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the charter school facilities located at 17081 Devonshire Street, Northridge, CA. The facilities will be leased and used by the School.

The Series 2017 A and 2017 B School Facility Revenue Bonds were sold at an original issue premium of $149,909 with issuance costs of $403,378 to be amortized over the life of the debt. Interest is payable semiannually on January 1 and July 1, commencing July 1, 2017.

Debt service requirements on the bonds, net of premium and issuance costs at June 30, 2017 are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ -	$ 442,240	$ 442,240
2019	80,000	510,450	590,450
2020	85,000	505,913	590,913
2021	5,090,000	279,800	5,369,800
2022	95,000	274,713	369,713
2023-2027	550,000	1,293,800	1,843,800
2028-2032	700,000	1,138,500	1,838,500
2033-2037	900,000	940,000	1,840,000
2038-2042	1,145,000	684,875	1,829,875
2043-2047	1,455,000	361,374	1,816,374
2048-2052	690,000	35,000	725,000
Total	$10,790,000	$6,466,665	$17,256,665

2. Bond Premium

Bond Premium arises when the market rate of interest is lower that the stated rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the principle over the life of the bond. The premium is amortized over the life of the bond using the effective interest method.

The following bonds were issued at a premium resulting in effective interest as follows:

	2017 Series A&B
Total Interest Payments on Bond	$ 5,802,765
Less Bond Premium	149,909
Net Interest Payments	$ 5,652,856
Par amount of Bonds	$ 5,790,000
Periods	32
Effective Interest Rate	3.05%

K. Operating Lease – Related Party Transaction

On March 28, 2017 the School entered into a lease agreement with 17081 Devonshire LLC, a limited liability corporation, of which the School is a sole member and related organization, for use of facilities. The agreement does not contain a purchase option and does not meet the requirements for capitalization. As such, the lease has not been recorded on the statement of financial position. The agreement provides for monthly payments that vary for a period of 375 months. Future minimum lease payments under the agreement are as follows:

Year Ended June 30,	Lease Payments to 17081 Devonshire LLC
2018	$ 371,350
2019	371,950
2020	372,275
2021	372,325
2022	372,100
2023-2027	1,855,000
2028-2032	1,856,000
2033-2037	1,862,500
2038-2042	1,861,250
2043-2047	1,850,000
2048-2052	372,750
Total	$ 11,517,500

L. Operating Lease

The School entered into lease agreements for equipment. The agreements do not contain purchase options and do not meet the requirements for capitalization. As such, the leases have not been recorded on the statement of financial position. The agreements contain termination clauses providing for cancellation after a specified number of days written notice to the lessor, but it is unlikely that the School will cancel the agreements prior to the expiration date.

Future minimum lease payments under the agreements are as follows:

Year Ended June 30,	Lease Payments
2018	$ 69,825
2019	69,825
2020	61,180
2021	61,180
Total	$ 262,010

M. Temporarily Restricted Ending Net Assets and Board Designated Unrestricted Ending Net Assets

As of June 30, 2017 temporarily restricted net assets consisted of:

CA Clean Energy Proposition 39	$ 362,604
College Readiness Block Grant	56,199
Total Temporarily Restricted Ending Net Assets	$ 418,803

Additionally, the School's Board designated a portion of the School's unrestricted net assets as follows:

Associated Student Body Fund	$ 447,085
Devonshire LLC Fund	2,736,857
Cafeteria Program	47,120
Total Board Designated Ending Net Assets	$ 3,231,062

N. Functional Expenses

As of June 30, 2017 functional expenses consisted of:

	Program Services	Management and General	Total
Salaries and wages	$ 25,519,767	$ 3,982,854	$ 29,502,621
Pension plan accruals and contributions	3,868,457	603,748	4,472,205
Other employee benefits	4,415,993	969,365	5,385,358
Payroll taxes	759,281	118,501	877,782
Fees for services (non-employees):			
Legal	-	160,710	160,710
Accounting	-	5,520	5,520
Contracted services	620,377	507,580	1,127,957
Instructional consultants	1,854,743	-	1,854,743
Information technology	9,021	1,592	10,613
Occupancy	755,241	188,810	944,051
Travel and conferences	161,425	28,487	189,912
Interest	-	258,183	258,183
Depreciation	436,848	109,212	546,060
Insurance	-	217,976	217,976
Books and supplies	3,503,666	1,417,674	4,921,340
Food service	784,053	138,363	922,416
Non-capitalized equipment	210,473	278,999	489,472
Dues and memberships	3,866	34,790	38,656
Rents and leases	97,589	512,346	609,935
Repairs	1,170,487	1,268,027	2,438,514
Other fees	99,543	72,083	171,626
Communications	25,345	6,336	31,681
Postage	31,669	7,917	39,586
Transportation	321,258	-	321,258
Oversight fees to LAUSD	721,578	388,542	1,110,120
Total expenses	$ 45,370,680	$ 11,277,615	$ 56,648,295

O. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The School has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement will not be material. As a result, no liability has been accrued.

Sick Leave

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulate sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, it is not appropriate to accrue the value of the accumulated sick leave.

P. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The School's participation in these plans for the fiscal year ended June 30, 2017, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2017, 2016 and 2015 is for the plan's year-end at June 30, 2017, 2016 and 2015, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. Finally, the CalSTRS and CalPERS contribution rates, salaries and covered employees have continued to increase annually affecting the period-to-period comparability of the contributions for the years ended June 30, 2015, 2016 and 2017.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30 2017	2016	2015	FIP/RP Status Pending/ Implemented
CalSTRS	19746	Yellow	Yellow	Yellow	No
CalPERS	7340355290	Yellow	Yellow	Green	No

Pension Fund	Year Ended June 30 2017	2016	2015	Employees Participating	Surcharge Imposed
CalSTRS	2,485,888	2,164,468	1,589,992	212	No
CalPERS	1,067,232	745,625	666,247	118	No

CalSTRS:

The School contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2017, active plan members were required to contribute between 9.20% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 12.58% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2017 the State contributed $1,140,981 on behalf of the School.

CalPERS:

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Active plan members were required to contribute between 6% and 7% of their salary, depending on their hire date, and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2016-17 were 13.888% of salaries. The School made contributions as noted above.

Q. Joint Ventures (Joint Powers Agreements)

The School participates in two joint powers agreement (JPA) entities, the California Charter Schools Joint Powers Authority (CCS-JPA) and the Alliance of Schools for Cooperative Insurance Program (ASCIP). The relationship between the School and the JPAs is such that the JPAs are not component units of the school.

The JPAs arrange for and provide for various types of insurances for its member districts and schools as requested. The JPAs are governed by boards consisting of one or more representatives from each member. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts and schools beyond their representation on the boards. Each member district and school pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

The JPAs have budgeting and financial reporting requirements independent of member units and therefore the JPAs' financial statements are not presented in these financial statements; however, transactions between the School and the JPAs are included in these statements. Audited financial statements for the year ended June 30, 2017 were not available at the time this report was issued. Financial statements from the JPAs are available upon request from the respective agencies.

R. Adjustment to Beginning Net Assets

An adjustment to beginning net assets was made to accounts receivable for revenues that were deemed no longer collectible, including a receivable set up for the AP Testing Fee Program that was eliminated for the 2016-17 year.

Net Assets, Beginning (As Originally Stated)	$	17,389,319
Adjustments for:		
Decrease in accounts receivable		(153,058)
Net Assets, Beginning (Restated)	$	17,236,261

S. Subsequent Events

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-02 *Not-for-Profit Entities – Consolidation (Subtopic 958-810)*. FASB issued this update to amend the consolidation guidance in Subtopic 958-810 to clarify when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity. ASU 2017-02 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In December 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-19 *Technical Corrections and Improvements*. FASB issued this update to clarify the Accounting Standards Codification and correct unintended application of guidance that is not expected to have significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments include items raised to FASB through Accounting Standards Codification's feedback mechanism. ASU 2016-19 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In October 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-17 *Consolidation (Topic 810)*. FASB issued this update to amend the consolidation guidance on how a reporting entity that is a single decision maker of a Variable Interest Entity (VIE) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. ASU 2016-17 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-07 *Investments – Equity Method and Joint Ventures (Topic 323)*. FASB issued this update as a part of their Simplification Initiative by eliminating a requirement to retroactively adopt the equity method of accounting given that there is no clear benefit to users of financial statements. ASU 2016-07 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-16 *Business Combinations (Topic 805)*. FASB issued this update as part of their Simplification Initiative by amending the presentation of business combinations disclosing the effect on earnings of changes in depreciation, amortization, or other income effects, if any. The amendments in this Update require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous recognition reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-11 *Inventory*. FASB issued this update as part of their Simplification Initiative by eliminating unnecessarily complex measurement of inventory at the lower of cost or market given that there were several potential outcomes. Under the new guidance inventory should be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This measure is in effect for all forms of inventory valuation except Last In First Out (LIFO). ASU 2015-11 becomes effective for the years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-09 *Financial Services – Insurance (Topic 944)*. FASB issued this update to provide guidance on note disclosure requirements for short-duration insurance contracts to increase transparency of significant estimates made in measuring liabilities associated with short-duration insurance contracts. ASU 2015-09 becomes effective for the years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-04 *Compensation – Retirement Benefits (Topic 715)*.

In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-02 *Consolidation (Topic 810)*. FASB issued this update to change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. ASU 2015-02 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014-15 *Presentation of Financial Statements – Going Concern (Subtopic 205-40)*. FASB issued this update to provide guidance regarding management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 becomes effective for years that begin after December 15, 2016. The Charter School has adopted the provisions of this FASB update for the 2017-18 fiscal year.

Supplementary Information

Granada Hills Charter High School (#572) was formed as a charter school pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified School District granted in May 2003. In June 2009 the Los Angeles Unified School District renewed the School's charter for a five-year period ending June 30, 2014. In February 2014, the School was again renewed for a five-year period ending June 30, 2019.

The School's mission is to create a community-based high performance model of educational excellence guided by core beliefs, cultural sensitivity, research-based instruction, collaboration and built-in accountability that serves the social and academic needs of a diverse student body reflective of the population of the Los Angeles Unified School District and other public schools.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Jim Salin	Chair	Two Year Term Expires December 31, 2018
Steve Bourgouin	Member	Two Year Term Expires December 31, 2018
Jesus Vaca	Member	Two Year Term Expires December 31, 2017
Lorene Dixon-Ndife	Member	Two Year Term Expires December 31, 2017
Jody Dunlap	Member	Two Year Term Expires December 31, 2017
Joan Lewis	Member	Two Year Term Expires December 31, 2018
Amita Naganand	Member	Two Year Term Expires December 31, 2017

ADMINISTRATION

Brian Bauer
Executive Director

Erin Lillibridge
Chief Business Officer

GRANADA HILLS CHARTER HIGH SCHOOL

Schedule of Average Daily Attendance

Year Ended June 30, 2017

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Classroom Based ADA:				
Grades 9-12	4,204.31	N/A	4,202.83	N/A
Total Classroom Based ADA	4,204.31	N/A	4,202.83	N/A
Non-Classroom Based ADA:				
Grades 9-12	333.97	N/A	333.42	N/A
Total Non-Classroom Based ADA	333.97	N/A	333.42	N/A
Total ADA	4,538.28	N/A	4,536.25	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

GRANADA HILLS CHARTER HIGH SCHOOL

Schedule of Instructional Time

Year Ended June 30, 2017

Grade Level	Minutes Requirement	2016-17 Actual Minutes	Number of Traditional Days	Status
Grade 9	64,800	72,349	180	Complied
Grade 10	64,800	72,349	180	Complied
Grade 11	64,800	72,553	180	Complied
Grade 12	64,800	71,485	180	Complied

GRANADA HILLS CHARTER HIGH SCHOOL

Schedule of Financial Trends and Analysis

Year Ended June 30, 2017

	Budget 2018	2017	2016	2015	2014
Revenues	$55,223,551	$55,634,959	$51,836,548	$43,987,283	$40,115,852
Expenses	56,461,756	56,648,295	51,297,268	44,325,024	39,729,942
Change in Net Assets	(1,238,205)	(1,013,336)	539,280	(337,741)	385,910
Ending Net Assets	$14,984,720	$16,222,925	$17,236,261	$16,696,981	$17,034,722
Unrestricted Net Assets	$ 9,805,467	$15,804,122	$17,002,942	$16,850,039	$17,418,396
Unrestricted net assets as a percentage of total expenses	17%	28%	33%	38%	44%
Total Long Term Debt	$10,536,531	$10,536,531	$ 5,000,000	$ 5,000,000	$ 5,000,000
Average Daily Attendance at P2	4,626	4,538	4,336	4,267	4,165

See accompanying notes to supplementary information

GRANADA HILLS CHARTER HIGH SCHOOL

Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

Year Ended June 30, 2017

June 30, 2017 annual financial alternative form net assets	$ 16,259,005
Adjustments and reclassifications:	
Understatement of accounts payable	(36,884)
Understatement of cash with fiscal agent	11,556
Understatement of bond payable	(10,752)
Total adjustments and reclassifications	(36,080)
June 30, 2017 audited financial statement net assets	$ 16,222,925

See accompanying notes to supplementary information

GRANADA HILLS CHARTER HIGH SCHOOL

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US DEPARTMENT OF EDUCATION			
Passed through State Department of Education			
Title I	84.010	14329	$ 820,015
IDEA Basic Local Assistance	84.027	13379	875,842
Carl D. Perkins Career & Technical Ed.	84.048	14894	63,738
Workability	84.126	10006	41,523
21st Century - ASSETS	84.287	14535	230,000
Title II - Teacher Quality	84.367	14341	14,877
Total passed through State Department of Education			2,045,995
Total U.S. Department of Education			2,045,995
US DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education			
School Breakfast Program	10.553	13525	433,729
National School Lunch Sec. 4	10.553	13523	118,576
National School Lunch Sec. 11	10.555	13396	651,217
Total Child Nutrition Cluster			1,203,522
Child Nutrition Equipment Assistance	10.579	14906	32,382
Total passed through State Department of Education			1,235,904
Total U.S. Department of Agriculture			1,235,904
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the State Department of Education			
Medi-Cal Billing Option	93.778	10013	51,371
Total passed through State Department of Education			51,371
Total U.S. Department of Health and Human Services			51,371
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,333,270

The accompanying notes to the schedule of expenditures of federal awards is an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The School used an indirect cost rate of 3.47% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The School did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The following programs are restricted to a lower indirect cost rate and therefore the school used the lower indirect cost rate for these programs:

Program	CFDA #	Allowable Indirect Cost Rate
Carl D. Perkins Career & Technical Ed.	84.048	3.40%

GRANADA HILLS CHARTER HIGH SCHOOL

Combining Consolidated Financial Position

Year Ended June 30, 2017

	Granada Hills Charter High School		17081 Devonshire LLC		Elimination		Total
ASSETS							
Current Assets							
Cash and cash equivalents	$	12,178,043	$	-	$	-	$	12,178,043
Investments		3,384,435		599,941		-		3,984,376
Accounts receivable		1,333,673		-		-		1,333,673
Accounts receivable from related entity		316,586		-		(316,586)		-
Prepaid expenditures		165,511		-		-		165,511
Inventory		107,996		-		-		107,996
Total Current Assets		17,486,244		599,941		(316,586)		17,769,599
Noncurrent Assets								
Capital assets, net		7,168,544		7,674,251		-		14,842,795
Total Noncurrent Assets		7,168,544		7,674,251		-		14,842,795
TOTAL ASSETS	$	24,654,788	$	8,274,192	$	(316,586)	$	32,612,394
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	$	1,263,078	$	-	$	-	$	1,263,078
Accounts payable to related entity		-		316,586		(316,586)		-
Accrued payroll		3,982,977		-		-		3,982,977
Accounts payable to student groups		245,736		-		-		245,736
Unearned revenue		155,263		-		-		155,263
Accrued vacation liability		205,884		-		-		205,884
Total Current Liabilities		5,852,938		316,586		(316,586)		5,852,938
Long Term Liabilities								
Bond payable, less current portion		5,000,000		5,536,531		-		10,536,531
Total Long Term Liabilities		5,000,000		5,536,531		-		10,536,531
Total Liabilities		10,852,938		5,853,117		(316,586)		16,389,469
Net Assets								
Unrestricted		13,383,047		2,421,075		-		15,804,122
Temporarily restricted		418,803		-		-		418,803
Total Net Assets	$	13,801,850	$	2,421,075	$	-	$	16,222,925
TOTAL LIABILITIES AND NET ASSETS	$	24,654,788	$	8,274,192	$	(316,586)	$	32,612,394

GRANADA HILLS CHARTER HIGH SCHOOL

Combining Consolidated Statement of Activities

Year Ended June 30, 2017

	Granada Hills Charter High School	17081 Devonshire LLC	Elimination	Total
REVENUE AND SUPPORT				
Revenue				
LCFF State Aid	$ 25,793,025	$ -	$ -	$ 25,793,025
State aid, prior year	(32,056)	-	-	(32,056)
Education protection account funds	6,948,432	-	-	6,948,432
Payments in lieu of property taxes	9,631,317	-	-	9,631,317
Federal revenue	3,333,021	-	-	3,333,021
Other state revenue	6,458,869	-	-	6,458,869
Interest	218,330	-	-	218,330
Other local revenue	3,283,218	76,068	(75,265)	3,284,021
Total Revenues	55,634,156	76,068	(75,265)	55,634,959
EXPENSES				
Certificated salaries	22,013,125	-	-	22,013,125
Classified salaries	7,489,496	-	-	7,489,496
Taxes and employee benefits	10,735,345	-	-	10,735,345
Books and supplies	6,333,228	-	-	6,333,228
Rentals, leases and repairs	3,123,714	-	(75,265)	3,048,449
Other operating expenditures	6,224,410	-	-	6,224,410
Debt service interest	-	258,182	-	258,182
Depreciation expense	487,656	58,404	-	546,060
Total Expenses	56,406,974	316,586	(75,265)	56,648,295
OTHER FINANCING SOURCES/USES				
Other financing sources	5,012,658	7,674,251	-	12,686,909
Other financing uses	(7,674,251)	(5,012,658)	-	(12,686,909)
Total Other Other Financing Sources/Uses	(2,661,593)	2,661,593	-	-
CHANGE IN NET ASSETS	(3,434,411)	2,421,075	-	(1,013,336)
NET ASSETS, BEGINNING OF YEAR	17,236,261	-	-	17,236,261
NET ASSETS, END OF YEAR	$ 13,801,850	$ 2,421,075	$ -	$ 16,222,925

A. Purpose of Schedules

Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the 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.

Schedule of Instructional Time

The School receives incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the School and whether they complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted. The School neither met nor exceeded its LCFF target.

Schedule of Financial Trends and Analysis

Budget information for 2018 is presented for analysis purposes only and is based on estimates of the 2017-18 fiscal year. The information has not been subject to audit.

This schedule discloses the School's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance as reported on the Unaudited Financial Report Alternative Form to the net assets reported in the audited financial statements.

Combining Consolidated Financial Position and Statement of Activities

These schedules disclose the intercompany accounts and transactions of Granada Hills Charter High School (the School) and 17081 Devonshire LLC (the Corporation). All significant intercompany accounts and transactions have been eliminated in consolidation.

Other Independent Auditors’ Reports

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

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

To the Board of Directors
Granada Hills Charter High School
Granada Hills, California

Report on Compliance for Each Major Federal Program

We have audited Granada Hills Charter High 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 Granada Hills Charter High School's major federal programs for the year ended June 30, 2017. Granada Hills Charter High School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Granada Hills Charter High School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Granada Hills Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Granada Hills Charter High School's compliance.

Opinion on Each Major Federal Program

In our opinion, Granada Hills Charter High 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, 2017.

El Cajon Office
218 W. Douglas Avenue ◆ El Cajon, CA 92020
Tel. (619) 447-6700 ◆ Fax (619) 447-6707

Emeryville Office
1900 Powell Street, Suite 600 ◆ Emeryville, CA 94608
Tel. (510) 588-8729 ◆ Fax (510) 588-8701

Report on Internal Control Over Compliance

Management of Granada Hills Charter High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Granada Hills Charter High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Granada Hills Charter High School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 12, 2017

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

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

To the Board of Directors
Granada Hills Charter High School
Granada Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Granada Hills Charter High School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Granada Hills Charter High School's internal control over financial reporting (internal control) to determine the 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 Granada Hills Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Granada Hills Charter High School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Granada Hills Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 12, 2017

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

To the Board of Directors
Granada Hills Charter High School
Granada Hills, California

Report on State Compliance

We have audited the School's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations,* section 19810, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2017.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit Guide *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance* , prescribed in Title 5, *California Code of Regulations,* section 19810. 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 State's audit guide *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	N/A
Teacher Certification and Misassignments	N/A
Kindergarten Continuance	N/A
Independent Study	N/A
Continuation Education	N/A
Instructional Time	N/A
Instructional Materials	N/A
Ratio of Administrative Employees to Teachers	N/A
Classroom Teacher Salaries	N/A
Early Retirement Incentive	N/A
Gann Limit Calculation	N/A
School Accountability Report Card	N/A
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	N/A
Mental Health Expenditures	N/A
School Districts, County Offices of Education and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	N/A
Immunizations	N/A
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom Based Instruction	N/A
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	N/A

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Granada Hills Charter High School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 12, 2017

Auditor’s Results, Findings & Recommendations

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weakness(es) identified?	___ Yes _X_ No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes _X_ No
Noncompliance material to financial statements noted?	___ Yes _X_ No

FEDERAL AWARDS

Internal control over major programs:	
One or more material weakness(es) identified?	___ Yes _X_ No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes _X_ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	___ Yes _X_ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

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

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2016-17 Guide for Annual Audits of California K-12 Local Education Agencies*?	___ Yes _X_ No
Type of auditor's report issued on compliance for state programs:	Unmodified

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

None

GRANADA HILLS CHARTER HIGH SCHOOL

Schedule of Prior Year Audit Findings

Year Ended June 30, 2017

Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings reported in the prior year audit.	N/A	N/A