



Granada Hills  
Charter

Charter #572

Audit Report

June 30, 2021



**Granada Hills Charter**  
Financial Statements and Supplemental Information  
Year Ended June 30, 2021

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**TABLE OF CONTENTS**

<b><u>INDEPENDENT AUDITOR’S REPORT</u></b>	<b><u>2</u></b>
<b><u>FINANCIAL STATEMENTS</u></b>	<b><u>4</u></b>
Consolidated Statement of Financial Position .....	4
Consolidated Statement of Activities.....	5
Consolidated Statement of Functional Expenses .....	6
Consolidated Statement of Cash Flows .....	7
Notes to the Financial Statements .....	8
<b><u>SUPPLEMENTARY INFORMATION</u></b>	<b><u>26</u></b>
Consolidating Statement of Financial Position.....	26
Consolidating Statement of Activities .....	27
Consolidating Statement of Functional Expenses.....	28
LEA Organization Structure .....	29
Schedule of Instructional Time.....	30
Schedule of Financial Trends & Analysis.....	31
Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements.....	32
Schedule of Expenditures of Federal Awards.....	33
Notes to the Schedule of Expenditures of Federal Awards.....	34
Notes to Supplementary Information.....	35
<b><u>OTHER INDEPENDENT AUDITOR’S REPORTS</u></b>	<b><u>37</u></b>
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 <i>Government Auditing Standards</i> .....	37
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	39
Independent Auditor’s Report on State Compliance .....	41
<b><u>AUDITOR’S RESULTS, FINDINGS &amp; RECOMMENDATIONS</u></b>	<b><u>44</u></b>
Schedule of Auditor’s Results .....	44
Schedule of Findings and Questioned Costs.....	45
Schedule of Prior Year Audit Findings.....	46

## **Independent Auditor's Report**

To the Board of Directors of  
Granada Hills Charter

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Granada Hills Charter (the School), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated 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. 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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. The accompanying supplementary information, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 January 28, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Wilkinson Hadley King + LLP*

El Cajon, California

January 28, 2022

## Financial Statements

# Granada Hills Charter

## Consolidated Statement of Financial Position

June 30, 2021

### Assets

Cash and cash equivalents	\$ 35,375,578
Operating investments	13,215,152
Accounts receivable	14,465,650
Inventory	38,769
Prepaid expenses	2,400,060
Other assets cost of issuance	1,273,836
Property and equipment, net	57,828,292
Total Assets	<u>\$ 124,597,337</u>

### Liabilities and Net Assets

#### Liabilities

Accounts payable - vendors	\$ 3,921,886
Accounts payable - related entity	1,357,125
Accounts payable - grantor government	383,924
Accounts payable - student groups	299,159
Accrued expenses and other liabilities	2,022,364
Accrued vacation liability	427,690
Unearned revenue	3,216,344
Capital lease obligations	373,779
Bonds and notes payable	76,481,943
Total Liabilities	<u>88,484,214</u>

#### Net Assets

Without donor restrictions	
Undesignated	46,368,292
Invested in property and equipment, net of related debt	(19,027,430)
	<u>27,340,862</u>
With donor restrictions	
Restricted for other federal programs	2,257,528
Restricted for other state programs	4,525,965
Restricted for ASB programs	510,311
Restricted for other local programs	1,478,457
	<u>8,772,261</u>
Total Net Assets	<u>36,113,123</u>
Total Liabilities and Net Assets	<u>\$ 124,597,337</u>

The accompanying notes are an integral part of this statement.

**Granada Hills Charter**  
Consolidated Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 20,846,985	\$ -	\$ 20,846,985
Education protection account state aid	16,589,294	-	16,589,294
Transfers in lieu of property taxes	14,962,865	-	14,962,865
Total LCFF sources	<u>52,399,144</u>	<u>-</u>	<u>52,399,144</u>
Federal contracts and grants	-	10,134,039	10,134,039
State contracts and grants	4,168,363	9,362,695	13,531,058
Local contracts and grants	2,810,246	-	2,810,246
Net investment return	-	-	-
Rental income	34,510	-	34,510
Interest income	219,587	-	219,587
Net assets released from restriction -			
Grant restrictions satisfied	11,978,803	(11,978,803)	-
Total revenue, support, and gains	<u>71,610,653</u>	<u>7,517,931</u>	<u>79,128,584</u>
<b>Expenses and Losses</b>			
Program services expense	57,761,716	-	57,761,716
Supporting services expense	13,167,132	-	13,167,132
Total expenses and losses	<u>70,928,848</u>	<u>-</u>	<u>70,928,848</u>
<b>Change in Net Assets</b>	681,805	7,517,931	8,199,736
<b>Net Assets, Beginning of Year</b>	<u>26,659,057</u>	<u>1,254,330</u>	<u>27,913,387</u>
<b>Net Assets, End of Year</b>	<u>\$ 27,340,862</u>	<u>\$ 8,772,261</u>	<u>\$ 36,113,123</u>

The accompanying notes are an integral part of this statement.

## Granada Hills Charter

### Consolidated Statement of Functional Expenses Year Ended June 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	Educational Programs	Management and General	
Salaries and Wages	\$ 29,659,969	\$ 5,257,626	\$ 34,917,595
Pension expense	6,794,360	1,204,391	7,998,751
Other employee benefits	5,274,658	935,004	6,209,662
Payroll taxes	816,918	144,810	961,728
Fees for services:			
Legal	-	259,978	259,978
Audit	-	-	-
Professional consulting	6,734,440	-	6,734,440
District oversight	-	1,396,927	1,396,927
Other fees	-	522,080	522,080
Advertising and promotion	27,513	-	27,513
Office expenses	31,613	-	31,613
Information technology	149,946	-	149,946
Occupancy	1,489,157	-	1,489,157
Travel	77,987	-	77,987
Debt service interest	-	2,774,089	2,774,089
Depreciation	1,005,340	-	1,005,340
Insurance	-	563,386	563,386
Other expenses:			
Books and supplies	5,584,777	-	5,584,777
Student events	115,038	-	115,038
Dues and memberships	-	108,841	108,841
Total expenses by function	<u>57,761,716</u>	<u>13,167,132</u>	<u>70,928,848</u>

The accompanying notes are an integral part of this statement.

**Granada Hills Charter**  
Consolidated Statement of Cash Flows  
Year Ended June 30, 2021

<b>Cash Flows from Operating Activities</b>	
Receipts from federal, state, and local contracts and grants	\$ 59,640,394
Receipts from property taxes	14,962,865
Other cash receipts	254,097
Payments for salaries, benefits and payroll taxes	(52,125,201)
Payments to vendors	(17,250,234)
Interest paid	(2,774,089)
<b>Net Cash Used For Operating Activities</b>	<u>2,707,832</u>
 <b>Cash Flows from Investing Activities</b>	
Sale of operating investments	31,637,427
Purchases of property and equipment	(22,273,086)
<b>Net Cash From Investing Activities</b>	<u>9,364,341</u>
 <b>Cash Flows from Financing Activities</b>	
Change in bonds, notes and capital leases	1,850,646
Net Cash from Financing Activities	<u>1,850,646</u>
 <b>Net Change in Cash and Cash Equivalents</b>	 13,922,819
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>21,452,759</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u>\$ 35,375,578</u>
 <b>Reconciliation of Change in Net Assets to Net Cash</b>	
<b>Used For Operating Activities</b>	
Change in net assets	\$ 8,199,736
Depreciation	1,005,340
Adjustments to reconcile change in net assets to net cash:	
(Increase) Decrease in assets	
Accounts receivable	(5,371,175)
Inventory	(14,495)
Prepaid expenses	(1,281,265)
Other assets cost of issuance	(250)
Increase (Decrease) in liabilities	
Accounts payable - vendors	2,410,694
AP cash overdraft	(2,661,244)
Accounts payable - related entity	1,357,125
Accounts payable - grantor government	(2,116,397)
Accounts payable - student groups	884
Accrued expenses and other liabilities	(2,119,361)
Accrued vacation liability	81,896
Unearned revenue	3,216,344
<b>Net Cash Used For Operating Activities</b>	<u>\$ 2,707,832</u>

The accompanying notes are an integral part of this statement.

**Granada Hills Charter**  
Notes to the Financial Statements  
Year Ended June 30, 2021

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**A. Principal Activity and Summary of Significant Accounting Policies**

**Organization**

Granada Hills Charter (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 three additional five-year terms in 2009, 2014 and 2019. The current charter agreement runs through June 30, 2024.

Granada Hills Charter is a tuition-free public school serving grades Tk-12. 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 LLC) was formed in February 2017, as a California limited liability company, whose sole member is Granada Hills Charter. The LLC holds the title for the buildings that are utilized by Granada Hill Charter School.

*Basis of Accounting*

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The Corporation uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

*Basis of Consolidation*

The accompanying consolidated financial statements include the accounts of Granada Hills Charter (the School) and the accounts of 17081 Devonshire LLC (the LLC), 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.

*Cash and Cash Equivalents*

The School considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

*Accounts Receivable*

Accounts receivables consist primarily of noninterest-bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*Property and Equipment*

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

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

*Investments*

The School records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

*Net Assets*

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*Revenue and Revenue Recognition*

The School recognizes revenue from sales when the products are transferred and services are provided. The School records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

*Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

*Advertising*

Advertising costs are expensed as incurred and approximated \$27,513 during the year ended June 30, 2021.

*Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional bases in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

*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, 2021, 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, 2021.

*Estimates*

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

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

*Financial Instruments and Credit Risk*

The School manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the School has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

*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 schools' 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 66.22% of the School's revenue.

The School is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

*New Accounting Guidance*

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2020-21 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2017-11 - <i>Earnings Per Share (Topic 260)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Distinguishing Liabilities from Equity (Topic 480)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Derivatives and Hedging (Topic 815)</i>	Jan-18
FASB Accounting Standards Update 2019-05 - <i>Financial Instruments, Credit Losses (Topic 326)</i>	May-19
FASB Accounting Standards Update 2019-11 - <i>Codification Improvements to Financial Instruments, Credit Losses (Topic 326)</i>	Nov-19
FASB Accounting Standards Update 2020-03 - <i>Codification Improvements to Financial Instruments</i>	Mar-20
FASB Accounting Standards Update 2020-04 - <i>Reference Rate Reform (Topic 848)</i>	Mar-20
FASB Accounting Standards Update 2021-01 - <i>Reference Rate Reform (Topic 848)</i>	Jan-21
FASB Accounting Standards Update 2021-03 - <i>Intangibles Goodwill and Other (Topic 350)</i>	Mar-21

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

*Subsequent Events*

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through January 28, 2022, the date the financial statements were available to be issued.

**B. Liquidity and Availability**

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

Cash and cash equivalents	\$ 35,375,578
Operating investments	13,215,152
Accounts receivable	14,465,650
Inventory	38,769
Prepaid expenses	<u>2,400,060</u>
	<u>\$ 65,495,209</u>

**C. Fair Value Measurement and Disclosures**

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the School's investment assets are classified within Level 1 because they comprise open end mutual funds with readily determinable fair values based on daily redemption values. The School invests in CDs traded in the financial markets and additionally has funds at the Los Angeles County Treasury which invests funds in various markets such as CDs, money market, and U.S. government obligations. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2021:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Treasury and Operating investments:				
Cash in county treasury	\$ 24,776,715	\$ -	\$ 24,776,715	\$ -
Money market and equivalent funds (at cost)	13,215,152	13,215,152	-	-
Totals	<u>\$ 37,991,867</u>	<u>\$ 13,215,152</u>	<u>\$ 24,776,715</u>	<u>\$ -</u>

**D. Cash and Cash Equivalents**

The School's cash and cash equivalents on June 30, 2021, consisted of the following:

	Granada Hills Charter	17081 Devonshire LLC	Total
Cash in county treasury	\$ 24,776,715	\$ -	\$ 24,776,715
Cash in bank accounts	10,432,407	166,455	10,598,862
Investments	-	13,215,152	13,215,152
Total cash and investments	<u>\$ 35,209,122</u>	<u>\$ 13,381,607</u>	<u>\$ 48,590,729</u>

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*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 (\$24,776,715 as of June 30, 2021). 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 consolidated 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. Cash may be added or withdrawn from the investment pool without limitation.

*Cash Equivalents*

The LLC maintains a portion of their funds in short term investments with maturities less than three months in length (\$13,215,152 as of June 30, 2021). These cash equivalents consist of United States Government Money Market Funds. These funds are not FDIC insured and are therefore exposed to custodial credit risk. The School does not anticipate any losses as a result of this risk. Cash may be added or withdrawn from the money market accounts without limitation.

*Cash in Bank*

The remainder of the School’s cash, \$10,598,862, is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2021, the School held \$6,510,070, amount in in excess of the FDIC insured amounts with two institutions. The School also had a payroll account at an institution that holds additional insurance above the FDIC amount to pose no risk to the funds.

**E. Accounts Receivable**

As of June 30, 2021, The School’s accounts receivable consisted of the following:

	<u>Granada Hills Charter</u>
Federal Government	
Child Nutrition	\$ 581,553
Title IV	303,276
Covid Programs	3,279,969
Other Federal Programs	400,324
State Government	
Special Education	572,373
LCFF Revenue	6,257,992
Lottery Funding	255,402
Expanded Learning	1,836,828
Other State Programs	316,541
Other Local Sources	
ASB Transactions	13,925
Other local sources	647,467
Total Accounts Receivable	\$ 14,465,650

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**F. Prepaid Expenses**

As of June 30, 2021, the School's prepaid expenses consisted of the following:

	Granada Hills Charter
Service contracts	\$ 2,090,067
Insurance	253,464
Software and licenses	56,529
Total Prepaid Expenses	\$ 2,400,060

**G. Property and Equipment**

Property and equipment for Granada Hills Charter consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 527,402	\$ -	\$ -	\$ 527,402
Work in Progress	10,500	836,932	-	847,432
Total Non-Depreciable Capital Assets	537,902	836,932	-	1,374,834
Depreciable Capital Assets				
Leasehold Improvements	2,256,968	-	-	2,256,968
Buildings and Improvements	8,641,496	-	-	8,641,496
Equipment, Furniture, and Fixtures	3,771,713	226,481	-	3,998,194
Total Depreciable Capital Assets	14,670,177	226,481	-	14,896,658
Total Capital Assets	15,208,079	1,063,413	-	16,271,492
Less Accumulated Depreciation	(5,872,921)	(938,983)	-	(6,811,904)
Capital Assets, Net	9,335,158	124,430	-	9,459,588

Property and equipment for 17081 Devonshire LLC consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 5,575,000	\$ -	\$ -	\$ 5,575,000
Work in Progress	19,991,456	21,209,674	-	41,201,130
Total Non-Depreciable Capital Assets	25,566,456	21,209,674	-	46,776,130
Depreciable Capital Assets				
Buildings and Improvements	1,990,716	-	-	1,990,716
Equipment, Furniture, and Fixtures	21,568	-	-	21,568
Total Depreciable Capital Assets	2,012,284	-	-	2,012,284
Total Capital Assets	27,578,740	21,209,674	-	48,788,414
Less Accumulated Depreciation	(353,353)	(66,357)	-	(419,710)
Capital Assets, Net	27,225,387	21,143,317	-	48,368,704

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

Consolidated Property and equipment consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 6,102,402	\$ -	\$ -	\$ 6,102,402
Work in Progress	20,001,956	22,046,606	-	42,048,562
Total Non-Depreciable Capital Assets	<u>26,104,358</u>	<u>22,046,606</u>	<u>-</u>	<u>48,150,964</u>
<b>Depreciable Capital Assets</b>				
Leasehold Improvements	2,256,968	-	-	2,256,968
Buildings and Improvements	10,632,212	-	-	10,632,212
Equipment, Furniture, and Fixtures	3,793,281	226,481	-	4,019,762
Total Depreciable Capital Assets	<u>16,682,461</u>	<u>226,481</u>	<u>-</u>	<u>16,908,942</u>
Total Capital Assets	42,786,819	22,273,087	-	65,059,906
Less Accumulated Depreciation	(6,226,274)	(1,005,340)	-	(7,231,614)
Capital Assets, Net	<u>36,560,545</u>	<u>21,267,747</u>	<u>-</u>	<u>57,828,292</u>

**H. Unearned Revenue**

As of June 30, 2021, unearned revenue consisted of the following:

	<u>Granada Hills Charter</u>
<b>Federal Programs:</b>	
Care Act/ESSER Program	\$ 2,796,083
Title II	109,619
Title IV	63,952
<b>State Programs:</b>	
CTEIG Program	222,084
In Person Instruction	24,606
Total	<u>\$ 3,216,344</u>

	<u>Granada Hills Charter</u>
Unearned Revenue, beginning of period	\$ -
Increases in deferred revenue due to cash received during the period	3,216,344
Decreases in deferred revenue due to performance obligations met during the period	-
Unearned Revenue, end of period	<u>\$ 3,216,344</u>

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**I. Bonds Payable**

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.

On September 24, 2019, 17081 Devonshire LLC, whose sole member is the School, entered into a loan agreement with the California School Finance Authority for the issuance of \$47,845,000 Series 2019 Tax-Exempt School Facility Revenue 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 2019 CSFA Bonds were sold at an original issue premium of \$6,951,981 with issuance costs of \$941,792 to be amortized over the life of the debt. Interest is payable semiannually on January 1 and July 1, commencing July 1, 2020.

Bonds payable consist of the following at June 30, 2020:

Principal amount	\$	53,380,000
Less unamortized premium and discounts		7,034,048
		\$ 60,414,048

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 95,000	\$ 2,619,475	\$ 2,714,475
2023	100,000	2,614,250	2,714,250
2024	740,000	2,609,150	3,349,150
2025	770,000	2,578,500	3,348,500
2026	800,000	2,546,600	3,346,600
2027-2031	4,530,000	12,207,000	16,737,000
2032-2036	5,695,000	11,045,000	16,740,000
2037-2041	7,280,000	9,469,750	16,749,750
2042-2046	9,280,000	7,459,500	16,739,500
2047-2051	11,085,000	4,914,000	15,999,000
2052-2055	13,005,000	1,879,500	14,884,500
	\$ 53,380,000	\$ 59,942,725	\$ 113,322,725

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**J. Leases**

*Related Party Operating Lease*

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. The facility is also capitalized on the LLC's books already. As such, the lease has not been recorded on the consolidated statement of financial position. The current agreements provides for monthly payments through the final fiscal year of corresponding bond payments.

*Capital Lease*

On May 15, 2018, the School entered into a lease purchase agreement with SHI International Corp. for student Chromebooks. The agreement provided for annual payments of \$215,000 for 2017-18 and \$415,268 for the remaining years with an effective interest rate of 8.85%.

<u>Year Ended June 30</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2022	415,269	2,714,244
2023	-	3,349,152
2024	-	3,348,498
2025	-	3,346,602
2026	-	3,348,450
2027-2031	-	16,735,800
2032-2036	-	16,745,250
2037-2041	-	16,745,750
2042-2046	-	16,740,499
2047-2051	-	15,624,750
2052-2055	-	11,909,250
Total minimum lease payments	<u>415,269</u>	<u>\$ 110,608,244</u>
Less amount representing interest	<u>(41,490)</u>	
Capital lease obligation	<u>\$ 373,779</u>	

Rent expense for the year ended June 30, 2021 totaled \$1,543,400.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**K. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2020:

Restricted for other federal programs	
Child Nutrition program	\$ 2,257,528
Restricted for other state programs	
Educational Programs	\$ 1,231,792
Expanded Learning Opportunities	3,281,774
Covid Response Funds	12,399
Restricted for ASB programs	
Associated Student Body Funds	\$ 510,311
Restricted for other local programs	
Other Local Restricted	<u>\$ 1,478,457</u>
	<u>8,772,261</u>
 Total net assets with donor restrictions	 <u><u>\$ 8,772,261</u></u>

Net assets released from restriction during the year were:

Beginning restricted net assets	\$ 1,254,330
Restricted grants received	19,496,734
Net assets released from restriction:	
Restricted purpose satisfied	<u>(11,978,803)</u>
 Ending restricted net assets	 <u><u>\$ 8,772,261</u></u>

## Granada Hills Charter

Notes to the Financial Statements (Continued)

Year Ended June 30, 2021

### L. 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 California 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:

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

The Schools participation in these plans for the fiscal year ended June 30, 2020, 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 2021, 2020 and 2019 is for the plan's year-end at June 30, 2021, 2020 and 2019, 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.

#### *Period to Period Comparability:*

Granada Hills Charter decreased in CalSTRS contributions from 2019 to 2020 by 7.81% followed by an increase in 2021 of 7.25%. Granada Hills Charter increased in CalPERS contributions from 2019 to 2020 by 10.30% followed by an additional increase in 2021 of 3.81%. The periods are comparable to one another, the changes appear normal for rising wages and changes in contribution rates.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented	
		2021	2020	2019		
CalSTRS	19746	Yellow	Yellow	Yellow	No	
CalPERS	7340355290	Yellow	Yellow	Yellow	No	
		Contributions			Number of Employees	Surcharge Imposed
Pension Fund		2021	2020	2019		
CalSTRS	\$ 3,844,605	\$ 3,584,803	\$ 3,325,165	240	No	
CalPERS	1,390,040	1,339,045	1,214,022	133	No	
Total	\$ 5,234,645	\$ 4,923,848	\$ 4,539,187	373		

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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CalSTRS:

The School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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 of 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, 2020, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 16.15% 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, 2021 the State contributed \$2,764,106 (10.328% of certificated salaries plus an additional supplemental amount) on behalf of the School.

The Organization 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 are required to contribute 7% of their salary and the Organization 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 rate for fiscal year 2020-21 was 20.70% of classified salaries. The Organization made contributions as noted above.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**M. 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, 2021 are available upon request of the authority. Financial statements from the JPAs are available upon request from the respective agencies.

**N. Related Party Transactions**

Related parties as defined by generally accepted accounting standards include:

1. Affiliates of the entity,
2. Management and members of their immediate families, or
3. Other parties that can significantly influence management or operating policies.

Granada Hills Charter and 17081 Devonshire LLC, are affiliated through common executive management. The LLC holds part of the building and debt on it's books and facilitates the lease for the School.

The following represents material transactions between the affiliated organizations that occurred during the 2020-21 fiscal year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Granada Hills Charter	17081 Devonshire LLC	\$ 1,543,400	Rent and Interest
Granada Hills Education Foundation	Granada Hills Charter	1,735	Staff Appreciation

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**O. Upcoming Changes in Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2016-02 - <i>Leases (Topic 842)</i>	Feb-16	2022-23
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill &amp; Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17	2021-22
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18	2021-22
FASB Accounting Standards Update 2018-11 - <i>Leases Targeted Improvements (Topic 842)</i>	Jul-18	2022-23
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-14 - <i>Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)</i>	Aug-18	2022-23
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18	2021-22
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18	2021-22
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2018-20 - <i>Leases (Topic 842)</i>	Dec-18	2022-23
FASB Accounting Standards Update 2019-01 - <i>Leases (Topic 842)</i>	Mar-19	2022-23
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19	2021-22
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19	2021-22
FASB Accounting Standards Update 2019-12 - <i>Income Taxes (Topic 740)</i>	Dec-19	2022-23
FASB Accounting Standards Update 2020-01 - <i>Investments (Topics 321, 323, and 815)</i>	Jan-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Revenue from Contracts with Customers (Topic 606)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Leases (Topic 842)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20	2021-22
FASB Accounting Standards Update 2020-08 - <i>Codification Improvements for Receivables (Topic 310-20)</i>	Oct-20	2022-23
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-02 - <i>Franchisors Revenue (Topic 952-606)</i>	Jan-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Earnings Per Share (Topic 260)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Debt Modifications and Extinguishments (Topic 470-50)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Stock Compensation (Topic 718)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Derivatives and Hedging (Topic 815-40)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-05 - <i>Leases (Topic 842)</i>	Jul-21	2022-23
FASB Accounting Standards Update 2021-07 - <i>Stock Compensation (Topic 718)</i>	Oct-21	2022-23
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2021-09 - <i>Leases (Topic 842)</i>	Nov-21	2022-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

**Granada Hills Charter**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**P. COVID-19 Impact and Considerations**

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting Granada Hills Charter from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. Granada Hills Charter established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California schools are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The School has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

**Q. Subsequent Events**

*2021 Refunding Bonds*

On August 4, 2021, GHC successfully refinanced the 2017 bonds and closed on the 2021 A&B bonds issued by the California School Finance Authority (CSFA). In addition to the bonds being issued by the CSFA, GHC also received a grant of \$837,500 from CSFA to fund a debt service reserve. The grant is administered through the CSFA's federally funded Credit Enhancement Grant Program. Granada Hills Charter saved over \$1.4 million on a net present value basis and financed \$9,935,352 in new money for additional construction improvements at the Devonshire campus.

The investment grade bonds were rated 'BBB- with a positive outlook' by S&P and sold at an all-in True Interest Cost of 2.64%. Series 2021A consisted of 4.00% term bonds maturing in 2029, 2038, and 2048 yielding 1.21%, 1.66%, and 1.99%. The bonds are priced to the July 1, 2028 optional call date at par. Series 2021B was a sealed bid and consisted of a 2.000% term bond maturing in 2024, yielding 1.480%. Ziegler served as the underwriter for this limited offering to Qualified Institutional Buyers and Accredited Investors.

*Paycheck Protection Program Loan*

The U.S. Small Business Administration (SBA) issued full loan forgiveness on November 12, 2021. East West Bank notified GHC that the bank automatically paid down the Granada Hills Charter loan balance by the full amount forgiven.

PPP Forgiven Principal Amount \$8,377,100.00  
PPP Forgiven Interest Amount \$133, 568.21  
Total Forgiven by SBA \$8,510,668.21

## Supplementary Information

**Granada Hills Charter**  
Consolidating Statement of Financial Position  
Year Ended June 30, 2021

	Granada Hills Charter	17081 Devonshire LLC	Elimination	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 35,209,122	\$ 166,456	\$ -	\$ 35,375,578
Operating investments	-	13,215,152	-	13,215,152
Accounts receivable	14,465,650	-	-	14,465,650
Inventory	38,769	-	-	38,769
Prepaid expenses	2,400,060	-	-	2,400,060
Prepaid cost of issuance	-	1,273,836	-	1,273,836
Property and equipment, net	9,459,588	48,368,704	-	57,828,292
Total Assets	<u>\$ 61,573,189</u>	<u>\$ 63,024,148</u>	<u>\$ -</u>	<u>\$ 124,597,337</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable - vendors	\$ 3,866,766	\$ 55,120	\$ -	\$ 3,921,886
Accounts payable - related entity	-	1,357,125	-	1,357,125
Accounts payable - grantor government	383,924	-	-	383,924
Accounts payable - student groups	299,159	-	-	299,159
Accrued expenses and payroll liabilities	2,022,364	-	-	2,022,364
Accrued vacation liability	427,690	-	-	427,690
Unearned revenue	3,216,344	-	-	3,216,344
Capital lease obligations	373,779	-	-	373,779
Bonds and notes payable	16,065,053	60,416,890	-	76,481,943
Total Liabilities	<u>26,655,079</u>	<u>61,829,135</u>	<u>-</u>	<u>88,484,214</u>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	33,125,093	13,243,199	-	46,368,292
Invested in property and equipment, net of related debt	(6,979,244)	(12,048,186)	-	(19,027,430)
	<u>26,145,849</u>	<u>1,195,013</u>	<u>-</u>	<u>27,340,862</u>
<b>With donor restrictions</b>				
Restricted for other federal programs	2,257,528	-	-	2,257,528
Restricted for other state programs	4,525,965	-	-	4,525,965
Restricted for ASB programs	510,311	-	-	510,311
Restricted for other local programs	1,478,457	-	-	1,478,457
	<u>8,772,261</u>	<u>-</u>	<u>-</u>	<u>8,772,261</u>
Total Net Assets	<u>34,918,110</u>	<u>1,195,013</u>	<u>-</u>	<u>36,113,123</u>
Total Liabilities and Net Assets	<u>\$ 61,573,189</u>	<u>\$ 63,024,148</u>	<u>\$ -</u>	<u>\$ 124,597,337</u>

See Accompanying Notes to Supplementary Information

**Granada Hills Charter**  
Consolidating Statement of Activities  
Year Ended June 30, 2021

	Granada Hills Charter		17081 Devonshire LLC	Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	
<b>Revenue, Support, and Gains</b>					
Local Control Funding Formula (LCFF) sources					
State aid	\$ 20,846,985	\$ -	\$ -	\$ -	\$ 20,846,985
Education protection account state aid	16,589,294	-	-	-	16,589,294
Transfers in lieu of property taxes	14,962,865	-	-	-	14,962,865
Total LCFF sources	<u>52,399,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,399,144</u>
Federal contracts and grants	-	10,134,039	-	-	10,134,039
State contracts and grants	4,168,363	9,362,695	-	-	13,531,058
Local contracts and grants	2,810,246	-	-	-	2,810,246
Net investment return	-	-	-	-	-
Rental income	34,510	-	1,543,400	(1,543,400)	34,510
Interest income	204,213	-	15,374	-	219,587
Net assets released from restriction -					
Grant restrictions satisfied	11,978,803	(11,978,803)	-	-	-
Total revenue, support, and gains	<u>71,595,279</u>	<u>7,517,931</u>	<u>1,558,774</u>	<u>(1,543,400)</u>	<u>79,128,584</u>
<b>Expenses and Losses</b>					
Program services expense	59,238,759	-	66,357	(1,543,400)	57,761,716
Supporting services expense	10,545,182	-	2,621,950	-	13,167,132
Total expenses and losses	<u>69,783,941</u>	<u>-</u>	<u>2,688,307</u>	<u>(1,543,400)</u>	<u>70,928,848</u>
<b>Change in Net Assets</b>	1,811,338	7,517,931	(1,129,533)		8,199,736
<b>Net Assets, Beginning of Year</b>	24,334,511	1,254,330	2,324,546	-	27,913,387
<b>Net Assets, End of Year</b>	<u>\$ 26,145,849</u>	<u>\$ 8,772,261</u>	<u>\$ 1,195,013</u>	<u>\$ -</u>	<u>\$ 36,113,123</u>

See Accompanying Notes to Supplementary Information

**Granada Hills Charter**  
Consolidating Statement of Functional Expenses  
Year Ended June 30, 2021

	Granada Hills Charter		17081 Devonshire LLC		Elimination	Total
	Program Services	Supporting Services	Program Services	Supporting Services		
	Educational Programs	Management and General	Facility Leasing	Management and General		
Salaries and Wages	\$ 29,659,969	\$ 5,257,626	\$ -	\$ -	\$ -	\$ 34,917,595
Pension expense	6,794,360	1,204,391	-	-	-	7,998,751
Other employee benefits	5,274,658	935,004	-	-	-	6,209,662
Payroll taxes	816,918	144,810	-	-	-	961,728
Fees for services:						
Legal	-	259,978	-	-	-	259,978
Professional consulting	6,734,440	-	-	-	-	6,734,440
District oversight	-	1,396,927	-	-	-	1,396,927
Other fees	-	522,080	-	-	-	522,080
Advertising and promotion	27,513	-	-	-	-	27,513
Office expenses	31,613	-	-	-	-	31,613
Information technology	149,946	-	-	-	-	149,946
Occupancy	3,032,557	-	-	-	(1,543,400)	1,489,157
Travel	77,987	-	-	-	-	77,987
Debt service interest	-	152,139	-	2,621,950	-	2,774,089
Depreciation	938,983	-	66,357	-	-	1,005,340
Insurance	-	563,386	-	-	-	563,386
Other expenses:						
Books and supplies	5,584,777	-	-	-	-	5,584,777
Student events	115,038	-	-	-	-	115,038
Dues and memberships	-	108,841	-	-	-	108,841
Total expenses by function	59,238,759	10,545,182	66,357	2,621,950	(1,543,400)	70,928,848

See Accompanying Notes to Supplementary Information

# Granada Hills Charter

LEA Organization Structure

Year Ended June 30, 2021

Granada Hills Charter (#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. In September 2018, the School was renewed for a five-year period ending June 30, 2024.

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

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Jim Salin	Chair	Two Year Term Expires December 2022
Lorene Dixon	Member	Two Year Term Expires December 2021
Joan Lewis	Member	Two Year Term Expires December 2022
Jody Dunlap	Member	Two Year Term Expires December 2021
Supriya Chakravarty	Member	Two Year Term Expires December 2021
Christine Hutton	Member	Two Year Term Expires December 2022
Maribel Campos	Member	Two Year Term Expires December 2021
Richard Nolan	Member	Two Year Term Expires December 2022

## ADMINISTRATION

Brian Bauer  
Executive Director

Tammy Stanton  
Chief Financial Officer

See Accompanying Notes to Supplementary Information

# Granada Hills Charter

## Schedule of Instructional Time

Year Ended June 30, 2021

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<u>Grade Level</u>	<u>Minimum Daily Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>J-13A Credited Days</u>	<u>Status</u>
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
9th Grade	420	180	N/A	Complied
10th Grade	420	180	N/A	Complied
11th Grade	420	180	N/A	Complied
12th Grade	420	180	N/A	Complied

**Granada Hills Charter**  
Schedule of Financial Trends & Analysis  
Year Ended June 30, 2021

	Budget 2022	2021	2020	2019
Revenues	\$ 89,678,731	\$ 79,128,584	\$ 67,722,142	\$ 60,180,891
Expenses	80,089,682	70,928,848	62,195,115	56,419,788
Change in Net Assets	<u>9,589,049</u>	<u>8,199,736</u>	<u>5,527,027</u>	<u>3,761,103</u>
Ending Net Assets	<u>\$45,702,172</u>	<u>\$36,113,123</u>	<u>\$27,913,387</u>	<u>\$22,386,360</u>
Unrestricted Net Assets	<u>\$44,571,951</u>	<u>\$21,239,972</u>	<u>\$26,659,057</u>	<u>\$21,732,525</u>
Unrestricted net assets as a percentage of total expenses	<u>55.65%</u>	<u>29.95%</u>	<u>42.86%</u>	<u>38.52%</u>
Total Long Term Debt	<u>\$71,350,001</u>	<u>\$76,855,722</u>	<u>\$74,631,297</u>	<u>\$11,916,323</u>
ADA at P2	<u>5,453</u>	<u>N/A</u>	<u>4,948</u>	<u>4,490</u>

The School's ending net assets has increased by \$13,726,763 (61.32%) over the past two fiscal years. The significant increase is in large due to enrollment growth and additional funding received as a result of the COVID-19 pandemic. Restricted ending net assets include multi-year grants that will be expended over the next two to three years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

The 2021-22 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$9,589,049 and ADA is projected to be 5,453 for the 2021-22 fiscal year.

## Granada Hills Charter

### Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2021

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June 30, 2021 annual financial alternative form net assets:	\$ 34,905,710
Adjustments and reclassifications:	
Understatement of accounts receivable	12,398
Rounding	<u>2</u>
Total adjustments and reclassifications	<u>12,400</u>
June 30, 2021 audited financial statements net assets:	<u><u>\$ 34,918,110</u></u>

**Granada Hills Charter**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Federal Expenditures
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 1,038,509
Total Special Education (IDEA) Cluster			-	1,038,509
<b>CHILD NUTRITION CLUSTER:</b>				
U.S. Department of Agriculture				
Passed through State Department of Education				
National School Lunch Program	10.553	13523	-	3,339,619
Total Child Nutrition Cluster			-	3,339,619
<b>CARES ACT/ESSER CLUSTER:</b>				
U.S. Department of Education				
Passed through State Department of Education				
Governor's Emergency Education Relief Fund	84.425C	15517	-	95,682
CARES Act - Elementary & Secondary School Emergency Relief	84.425D	15536	-	692,634
CARES Act - Elementary & Secondary School Emergency Relief II	84.425D	15547	-	182,984
Total Child Nutrition Cluster			-	971,300
<b>OTHER PROGRAMS</b>				
U.S. Department of Education				
Passed through State Department of Education				
Title I	84.010	14329	\$ -	\$ 940,887
Vocational Education	84.048	14894	-	83,155
Workability	84.126	10006	-	69,563
21st Century - ASSETS	84.287	14535	-	237,500
Title II - Teacher Quality	84.367	14341	-	39,914
Total passed through State Department of Education			-	1,371,019
Total U.S. Department of Education			-	3,380,828
U.S. Department of Agriculture				
Passed through State Department of Education				
Child and Adult Care Food Program	10.558	13666	-	1,240,029
Total passed through State Department of Education			-	1,240,029
Total U.S. Department of Agriculture			-	4,579,648
US DEPARTMENT OF TREASURY				
Passed through State Department of Education				
Coronavirus Relief Fund - Learning Loss Mitigation	21.019	25516	-	2,079,412
Total passed through State Department of Education			-	2,079,412
Total U.S. Department of Treasury			-	2,079,412
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 10,039,888</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

# Granada Hills Charter

## Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

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### Basis of Presentation

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 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 financial statements.

### Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The Organization used an indirect cost rate of 5.00% 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 Organization did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. No programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the Organization.

### Personal Protection Equipment (PPE)

The School was provided some PPE during the 2020-21 year as part of the CARES act, but due to the pandemic, was unable to fully quantify the donated amounts. Processes are in place for all donated PPE going forward so that PPE donated will be recorded at fair market value.

**Granada Hills Charter**  
Notes to Supplementary Information  
Year Ended June 30, 2021

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**A. Purpose of Schedules**

Consolidating Statement of Financial Position

This schedule provides a breakdown by entity of the statement of financial position.

Consolidating Statement of Activities

This schedule provides a breakdown by entity of the statement of activities.

Consolidating Statement of Functional Expenses

This schedule provides a breakdown by entity of the statement of functional expenses.

LEA 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 Instructional Time

In addition, this schedule provides the information necessary to determine if the Charter Schools have complied with Education Code §47612 & §47612.5 which require the following:

- 1) EC §47612: As a condition of apportionment 175 school days must be offered for traditional calendar. If a multi-track calendar is utilized, each track must offer 175 school days.
- 2) EC §47612.5: As a condition of apportionment the following annual instructional minutes must be offered:
  - To pupils in Kindergarten 36,000 minutes
  - To pupils in grades 1 to 3 50,400 minutes
  - To pupils in grades 4 to 8 54,000 minutes
  - To pupils in grades 9 to 12 64,800 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

**Granada Hills Charter**  
Notes to Supplementary Information (Continued)  
Year Ended June 30, 2021

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As a result of the COVID-19 pandemic, the District and Charter Schools operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Instructional time for distance learning is calculated based on the time value of synchronous and/or asynchronous instruction and assignments made by and certified by a certificated employee of the LEA. Instructional time for in-person instruction is calculated based on time scheduled under the immediate physical supervision and control of a certificated employee of the LEA.

Schedule of Financial Trends & Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2021-22 fiscal year.

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

## Other Independent Auditor's Reports

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

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 the governmental activities and each major fund of Granada Hills Charter (the School), as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 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 + LLP

El Cajon, California  
January 28, 2022

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  
Los Angeles, California

**Report on Compliance for Each Major Federal Program**

We have audited Granada Hills Charter'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's major federal programs for the year ended June 30, 2021. Granada Hills Charter'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'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'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's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Granada Hills Charter 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, 2021.

## Report on Internal Control Over Compliance

Management of Granada Hills Charter 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' 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' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 + LLP*  
El Cajon, California  
January 28, 2022

## Independent Auditor's Report on State Compliance

To the Board of Directors  
Granada Hills Charter

### **Report on State Compliance**

We have audited the Granada Hills Charter's (the School) compliance with the types of compliance requirements described in the *2020-21 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, 2021.

### **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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 *2020-21 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 each 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.

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

Description	Procedures Performed
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance and Distance Learning.....	N/A
B. Teacher Certification and Misassignments.....	N/A
C. Kindergarten Continuance.....	N/A
F. Instructional Time.....	N/A
G. Instructional Materials.....	N/A
H. Ratio of Administrative Employees to Teachers.....	N/A
I. Classroom Teacher Salaries.....	N/A
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	N/A
L. School Accountability Report Card.....	N/A
O. K-3 Grade Span Adjustment.....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	N/A
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
<b>Charter Schools</b>	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. 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, the 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, 2021.

## 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 *2020-21 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 + LLP

El Cajon, California

January 28, 2022

## Auditor's Results, Findings & Recommendations

# Granada Hills Charter

Schedule of Auditor's Results

Year Ended June 30, 2021

## FINANCIAL STATEMENTS

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

## FEDERAL AWARDS

Internal control over major programs:	
One or more material weakness(es) identified?	_____ Yes <u>    X    </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes <u>    X    </u> No
Type of auditor's report issued on compliance for major programs:	Unmodified
Compliance supplement utilized for single audit	July 2021 with December 2021 Addendum
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	_____ Yes <u>    X    </u> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	CARESAct/ESSER Cluster
20.019	Coronavirus Relief Funds - LLMF
10.558	Child Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	_____ <u>    X    </u> Yes      _____ No

## STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with <i>2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?</i>	_____ Yes <u>    X    </u> No
Type of auditor's report issued on compliance for state programs:	Unmodified

# Granada Hills Charter

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

### **A. Financial Statement Findings**

None

### **B. Federal Award Findings**

None

### **C. State Award Findings**

None

**GRANADA HILLS CHARTER**  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2021

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