



**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**A NONPROFIT PUBLIC BENEFIT CORPORATION  
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL  
New Heights Charter (Charter No. 0761)**

**NEW HEIGHTS CHARTER SCHOOL  
TABLE OF CONTENTS  
JUNE 30, 2019**

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**FINANCIAL SECTION**

Independent Auditors' Report ..... 1  
Financial Statements  
    Statement of Financial Position ..... 3  
    Statement of Activities ..... 4  
    Statement of Functional Expenses ..... 5  
    Statement of Cash Flows ..... 6  
Notes to Financial Statements ..... 7

**SUPPLEMENTARY INFORMATION SECTION**

Charter Organizational Structure ..... 16  
Schedule of Average Daily Attendance ..... 17  
Schedule of Instructional Time ..... 18  
Reconciliation of Financial Report – Alternative Form with Audited Financial Statements ..... 19  
Schedule of Expenditures of Federal Revenues ..... 20  
Notes to the Supplementary Information ..... 21

**OTHER INDEPENDENT AUDITORS' REPORTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
    Financial Statements Performed in Accordance with *Governmental Auditing Standards* ..... 22  
Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required  
    by the Uniform Guidance ..... 24  
Report on State Compliance ..... 26

**FINDINGS AND QUESTIONED COSTS SECTION**

Summary of Auditors' Results ..... 28  
Financial Statement Findings ..... 29  
Federal Award Findings and Questioned Costs ..... 30  
State Award Findings and Questioned Costs ..... 31  
Summary Schedule of Prior Audit Findings and Questioned Costs ..... 32

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of New Heights Charter School (the "Charter") which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial position of New Heights Charter School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

### *Change in Accounting Principle*

As discussed in Note 10 to the financial statements, in 2018-19 New Heights Charter School adopted new accounting guidance, ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of New Heights Charter School taken as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the Charter'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 Charter'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 Charter's internal control over financial reporting and compliance.



San Diego, California  
December 9, 2019

**NEW HEIGHTS CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

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**ASSETS**

Current assets

Cash and cash equivalents	\$ 2,559,359
Accounts receivable	712,177
Prepaid expenses	<u>128,373</u>
Total current assets	<u>3,399,909</u>

Noncurrent assets

Security deposit	<u>12,500</u>
Capital assets, net	<u>561,607</u>
Total noncurrent assets	<u>574,107</u>
<b>Total Assets</b>	<b><u>\$ 3,974,016</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	<u>\$ 99,760</u>
Total liabilities	<u>99,760</u>

Net assets

Without donor restrictions	<u>3,874,256</u>
Total net assets	<u>3,874,256</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,974,016</u></b>

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

**NEW HEIGHTS CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 3,181,388	\$ -	\$ 3,181,388
Federal revenues	880,357	-	880,357
Other state revenues	968,694	-	968,694
Total federal and state support and revenues	<u>5,030,439</u>	-	<u>5,030,439</u>
Local support and revenues			
Payments in lieu of property taxes	1,001,432	-	1,001,432
Grants and donations	15,000	-	15,000
Investment income, net	937	-	937
Other local revenues	56,482	-	56,482
Total local support and revenues	<u>1,073,851</u>	-	<u>1,073,851</u>
<b>Total Support and Revenues</b>	<u>6,104,290</u>	-	<u>6,104,290</u>
<b>EXPENSES</b>			
Program services			
Educational programs	4,464,487	-	4,464,487
Supporting services			
Management and general	1,332,795	-	1,332,795
<b>Total Expenses</b>	<u>5,797,282</u>	-	<u>5,797,282</u>
<b>CHANGE IN NET ASSETS</b>	307,008	-	307,008
<b>Net Assets - Beginning</b>	<u>3,567,248</u>	-	<u>3,567,248</u>
<b>Net Assets - Ending</b>	<u>\$ 3,874,256</u>	\$ -	<u>\$ 3,874,256</u>

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

**NEW HEIGHTS CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

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	Educational Programs	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 1,519,641	\$ -	\$ 1,519,641
Non-certificated salaries	727,197	648,957	1,376,154
Deferred compensation	468,865	-	468,865
Payroll taxes	110,686	50,168	160,854
Other employee benefits	366,775	115,824	482,599
Total personnel expenses	<u>3,193,164</u>	<u>814,949</u>	<u>4,008,113</u>
Non-personnel expenses			
Books and supplies	461,524	80,785	542,309
Insurance	-	33,529	33,529
Facilities	281,239	84,378	365,617
Professional services	389,283	170,012	559,295
Depreciation	46,987	-	46,987
Payments to authorizing agency	64,635	41,868	106,503
Other operating expenses	27,655	107,274	134,929
Total non-personnel expenses	<u>1,271,323</u>	<u>517,846</u>	<u>1,789,169</u>
<b>Total Expenses</b>	<u>\$ 4,464,487</u>	<u>\$ 1,332,795</u>	<u>\$ 5,797,282</u>

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



**NEW HEIGHTS CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 307,008
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	46,987
(Increase) decrease in operating assets	
Accounts receivable	(299,217)
Prepaid expenses	(1,505)
Increase (decrease) in operating liabilities	
Accounts payable	<u>(16,471)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>36,802</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	36,802
<b>Cash and cash equivalents - Beginning</b>	<u>2,522,557</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 2,559,359</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 235</u>

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

**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

New Heights Charter School (the “Charter”) was formed as a nonprofit public benefit corporation on December 1, 2005 for the purpose of operating as a California public school located in Los Angeles County. The Charter was approved by the State Board of Education in March 2006 as California Charter No. 0761. The Charter’s primary purpose is to enhance equity in educational opportunity. During the year ended June 30, 2019, New Heights Charter School served grades TK to 8.

New Heights Charter School is authorized to operate as a charter school through the Los Angeles Unified School District (the “authorizing agency”). On December 8, 2015, the Board of Directors of Los Angeles Unified School District approved a charter renewal for a five year term beginning July 1, 2016 and ending June 30, 2021. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

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

**C. Financial Statement Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018.

Under the Guide, New Heights Charter School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

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

As a public charter school, the Charter also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter’s financial statement presentation.

**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Estimates**

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

**E. Functional Expenses**

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

**F. Contributions**

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

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

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

**G. In Lieu of Property Taxes Revenue**

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

**H. Cash and Cash Equivalents**

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

**I. Investments**

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

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2019, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**K. Capital Assets**

New Heights Charter School has adopted a policy to capitalize asset purchases over \$1,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

**L. Deferred Revenue**

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

**M. Income Taxes**

New Heights Charter School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

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

**N. Fair Value Measurements**

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

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

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. Fair Value Measurements (continued)**

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

**O. Change in Accounting Principle**

**Not-for-Profit Financial Reporting Model Standard**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities* whereby significant changes were proposed in seven areas: net asset classes, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return, and release of restrictions on capital assets. The amendments in ASU No. 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The implementation had no impact on the previously reported total net assets as of July 1, 2018. Total beginning net assets were unrestricted and have therefore been fully reclassified as net assets without donor restrictions under the new accounting principle.

**P. New Accounting Pronouncements**

**Revenue Recognition**

In May 2014, the International Accounting Standards Board (IASB) and FASB issued a joint accounting standard on revenue recognition to address a number of concerns regarding the complexity and lack of consistency surrounding the accounting for revenue transactions. Consistent with each board's policy, FASB and IASB issued new reporting standards on revenue recognition. FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance in FASB ASU No. 2014-09 provides a framework for revenue recognition and supersedes or amends several of the revenue recognition requirements in FASB ASC 605 *Revenue Recognition*. The guidance was originally effective for public entities for the fiscal year beginning after December 15, 2016. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to allow entities additional time to implement systems, gather data, and resolve implementation questions. The effective dates for the new guidance are staggered. Public entities have already implemented the new guidance, and nonprofit entities are required to implement the new guidance for fiscal years beginning after December 15, 2018. The Charter will determine the impact on the financial statements once implemented for the fiscal year ending June 30, 2020.

**Leases**

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease and was originally effective for public business entities for fiscal years beginning after December 15, 2018. In October 2019, FASB approved to delay effective dates for all public business entities, except for SEC filers, to fiscal years beginning after December 15, 2019. The Charter will determine the impact on the financial statements once implemented for the fiscal year ending June 30, 2021.

**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2019, consist of the following:

Cash in banks, interest bearing	\$ 2,310,580
Cash in banks, non-interest bearing	248,579
Cash on hand	200
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 2,559,359</u></b>

**Cash in Banks**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. New Heights Charter School does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2019, \$2,135,424 of the New Heights Charter School's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 at two of the Charter's insured banks. Management believes the Charter is not exposed to any significant risk related to cash as bank failure is not expected for either of the insured banks.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2019, consists of the following:

Local control funding sources	\$ 272,099
Federal sources	194,229
Other state sources	150,809
In-lieu property taxes	85,926
Other local sources	9,114
<b>Total Accounts Receivable</b>	<b><u>\$ 712,177</u></b>

**NOTE 4 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2019 consists of the following:

	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Disposals</b>		<b>June 30, 2019</b>
Property and equipment					
Site improvements	\$ 22,955	\$ -	\$ -	\$ -	\$ 22,955
Leasehold improvements	837,603	-	-	-	837,603
Computer equipment	92,876	-	-	-	92,876
Furniture and fixtures	39,644	-	-	-	39,644
Total historical cost	<u>993,078</u>	-	-	-	<u>993,078</u>
Less accumulated depreciation	(384,484)	(46,987)	-	-	(431,471)
<b>Capital Assets, net</b>	<b><u>\$ 608,594</u></b>	<b><u>\$ (46,987)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 561,607</u></b>

**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2019, consists of the following:

Due to grantor government	\$	3,098
Salaries and benefits		2,039
Credit card liability		16,338
Vendor payables		78,285
<b>Total Accounts Payable</b>	<b>\$</b>	<b><u>99,760</u></b>

**NOTE 6 – NET ASSETS**

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2019, the Charter’s net assets without donor restrictions consist of the following:

Net investment in capital assets	\$	561,607
Undesignated		3,312,649
<b>Total Net Assets without Donor Restrictions</b>	<b>\$</b>	<b><u>3,874,256</u></b>

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Charter’s financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. New Heights Charter School maintains a line of credit (as mentioned in Note 9) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial assets		
Cash and cash equivalents	\$	2,559,359
Accounts receivable, current portion		712,177
Prepaid expenses		128,373
Total Financial Assets, excluding noncurrent	<b>\$</b>	<b><u>3,399,909</u></b>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<b>\$</b>	<b><u>3,399,909</u></b>

**NOTE 8 – EMPLOYEE RETIREMENT PLANS**

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

**NEW HEIGHTS CHARTER SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS)**

**Plan Description**

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

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2018-19 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2018-19 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2018-19	\$ 224,534	100%
2017-18	\$ 211,332	100%
2016-17	\$ 177,432	100%

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for New Heights Charter School is estimated at \$224,331. The on-behalf payment amount is computed as the proportionate share of total 2017-18 State on-behalf contributions plus an additional supplemental contribution for fiscal year 2018-19 due to California Senate Bill No. 90.

**Alternative Plan**

As established by federal law, all public sector employees who are not members of their employer’s existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Charter offers both social security and a 403(b) employee funded plan. All employees are eligible to participate in the plans. A participant of the 403(b) plan may make an election to defer compensation and have it contributed to this plan.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Governmental Funds**

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



**NEW HEIGHTS CHARTER SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)**

**Operating Leases**

**Lower Campus**

In June 2008, New Heights Charter School entered into a commercial lease agreement to occupy space located at 2202-2204 West Martin Luther King Boulevard in Los Angeles, California, referred to as the “Lower Campus.” The facility is utilized by the Charter for instructional services for students in grades K through 2 as well as for an administrative office. The original agreement called for a security deposit of \$7,400 upon execution and an additional deposit payable at June 1, 2010. The Charter has recorded the total security deposit of \$8,000 as an asset. In June 2013, the lease was renewed for the period beginning July 1, 2013 and ending June 30, 2014. A one-year renewal was agreed upon in June 2018 for the 2018-19 fiscal year. As of June 30, 2019, the Charter recorded \$53,967 in rent expense and also paid an additional \$4,595 which is classified as a prepaid expense. An option was executed to extend the lease term for the 2019-20 year. A total future lease obligation of \$55,137 remains on the above referenced property payable in the fiscal year ending June 30, 2020.

In April 2010, New Heights Charter School entered into a separate commercial lease agreement to occupy space located at 4100 Arlington Avenue in Los Angeles, California. The agreement called for a security deposit of \$4,500, which the Charter has recorded as an asset, as well as an annual increase of two percent for the monthly rental rate up to the date of termination. The lease commenced on July 14, 2010 and will terminate on July 31, 2020. During the fiscal year ended June 30, 2019, the Charter paid a total of \$96,332 in lease payments; \$8,041 of which is classified as a prepaid expense. Future minimum lease payments on this lease agreement are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments</u>
2020	\$ 98,258
2021	8,202
<b>Total</b>	<u>\$ 106,460</u>

**Upper Campus**

In October 2013, the Charter entered into a facility use agreement with the Los Angeles Unified School District for use of the space at the King Elementary School location at 3989 Hobart Boulevard in Los Angeles, California, referred to as the “Upper Campus.” The facility is utilized by the Charter for instructional services in grades 3 to 8 as well as administrative office space in order to meet the educational goals established by the Charter. The pro-rata share charge for the space usage was \$182,933 for the fiscal year ended June 30, 2019. In April 2019, the Charter confirmed acceptance to continue facility usage for a pro-rata share charge equal to \$211,173 for the 2019-20 fiscal year. As of June 30, 2019, the Charter recorded \$182,933 in rent expense and also paid an additional \$1,008 for summer school session facility rent expense.

**Joint Powers Agency (JPA)**

During the fiscal year ended June 30, 2019, the Charter participated in a joint venture with CharterSafe, previously known as the California Charter Schools Joint Powers Authority. CharterSafe arranges for insurance coverage related to general liability, workers’ compensation, and other miscellaneous liability coverage specific to the operation of a charter school. The relationship between the Charter and the JPA is such that the JPA is not financially inter-related to the Charter for financial reporting purposes. Premiums paid to CharterSafe totaled \$90,192 during the year ended June 30, 2019. As of June 30, 2019, \$23,664 is recorded as a prepaid expense attributed to the 2019-20 fiscal year.

**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)**

**Multi-employer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately \$2,457,452 as of June 30, 2018. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 8 for additional information on employee retirement plans.

**Line of Credit**

New Heights Charter School holds an agreement with Pacific Western Bank for a line of credit in the amount of \$275,000 maturing May 16, 2020. The Charter had no outstanding principal balance under this line of credit as of June 30, 2019.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

The Charter makes payments to the authorizing agency, Los Angeles Unified School District, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of one percent of local control funding formula sources. Total fees paid to the authorizing agency for oversight amounted to \$41,868 and total payments for special education and other services amounted to \$64,635 for the fiscal year ending June 30, 2019. In October 2013, the Charter entered into a facility use agreement with the District; refer to Operating Leases – Upper Campus at Note 9.

**NOTE 11 – DONATED MATERIALS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to New Heights Charter School in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles.

**NOTE 12 – SUBSEQUENT EVENTS**

New Heights Charter School has evaluated subsequent events for the period from June 30, 2019 through December 3, 2019, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have a material impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**NEW HEIGHTS CHARTER SCHOOL  
CHARTER ORGANIZATIONAL STRUCTURE  
JUNE 30, 2019**

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New Heights Charter School, located in Los Angeles, California, was formed as a nonprofit public benefit corporation on December 1, 2005 and approved by the State Board of Education in March 2006. The Charter was authorized to operate as a charter school through Los Angeles Unified School District. Classes began in September 2006 for New Heights Charter School, charter number 0761. During 2018-19, the Charter served 415 students in grades TK to 8.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Michelle Robson	President	June 30, 2020
Archana Patel	Secretary	June 30, 2022
Erin Keller	Treasurer	June 30, 2022
Gail Berlant	Member	June 30, 2020
Bob Madok	Member	June 30, 2021

ADMINISTRATION

Amy Berfield  
*Executive Director*

See accompanying note to supplementary information.

**NEW HEIGHTS CHARTER SCHOOL  
 SCHEDULE OF AVERAGE DAILY ATENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>Second Period Report</b>	<b>Annual Report</b>
<i>Certificate No.</i>	<u>81513A23</u>	<u>3ADA7D10</u>
	<u>Classroom-Based</u>	
<b>Grade Span</b>		
Kindergarten* through third	169.47	169.28
Fourth through sixth	132.97	132.48
Seventh through eighth	<u>90.31</u>	<u>90.72</u>
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>392.75</u>	<u>392.48</u>
	<u>Nonclassroom-Based</u>	
<b>Grade Span</b>		
Kindergarten* through third	0.38	0.54
Fourth through sixth	0.29	0.25
Seventh through eighth	<u>0.24</u>	<u>0.20</u>
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>0.91</u>	<u>0.99</u>
<b>Grant Total Average Daily Attendance</b>	<u>393.66</u>	<u>393.47</u>

\*Includes Transitional Kindergarten (TK)

See accompanying note to supplementary information.

**NEW HEIGHTS CHARTER SCHOOL  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Grade Span</b>	<b>Minutes Requirement</b>	<b>2018-19 Actual Minutes</b>	<b>Number of Days Traditional Calendar</b>	<b>Status</b>
Kindergarten*	36,000	58,230	180	Complied
Grades 1 through 3	50,400	58,230	180	Complied
Grades 4 through 8	54,000	62,340	180	Complied

\*Includes Transitional Kindergarten

See accompanying note to supplementary information.

**NEW HEIGHTS CHARTER SCHOOL  
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL  
STATEMENTS  
JUNE 30, 2019**

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June 30, 2019, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 3,877,672</u>
Adjustments:	
Increase (decrease) in total net assets:	
Decrease other state revenues for SB740 true-up balance	(13,691)
Accrue other state revenues for lottery	<u>10,275</u>
Net adjustments	<u>(3,416)</u>
June 30, 2019, net assets per audited financial statements	<u>\$ 3,874,256</u>

See accompanying note to supplementary information.

**NEW HEIGHTS CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected [1]	84.010	14329	\$ 196,646
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	22,744
Title III, English Learner Student Program	84.365	14346	14,955
Title IV, Part A, Student Support and Academic Enrichment Grants	84.287	15396	13,683
Special Education IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	81,751
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	1,104
<i>See below for applicable pass-through entities</i>			
Title IV, Part C, Public Charter Schools Grants [1]			
<i>Passed through California Department of Education:</i>			
Title IV, Part C, Public Charter Schools Dissemination Grant	84.282	15385	141,456
<i>Passed through California School Finance Authority:</i>			
Title IV, Part C, State Charter School Facilities Incentive Grant	84.282D	24945	114,320
Subtotal Title IV, Part C, Public Charter Schools Grants			<u>255,776</u>
<b>Total U. S. Department of Education</b>			<u>586,659</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	69,141
National School Lunch Program	10.555	13391	187,136
USDA Commodities	10.555	*	19,989
Meal Supplements	10.555	*	17,432
Subtotal Child Nutrition Cluster			<u>293,698</u>
<b>Total U. S. Department of Agriculture</b>			<u>293,698</u>
<b>Total Federal Expenditures</b>			<u>\$ 880,357</u>

[1] - Major Program

\* - Pass-Through Entity Identifying Number not available or not applicable



**NEW HEIGHTS CHARTER SCHOOL  
NOTES TO THE SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**A. Charter Organizational Structure**

This schedule provides information about the Charter’s authorizing agency, grades served, members of the governing body, and members of the administration.

**B. Schedule of Average Daily Attendance (ADA)**

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

**C. Schedule of Instructional Time**

New Heights Charter School receives, as part of their local control funding formula sources, incentive funding for maintaining instructional time. This schedule presents information on the amount of instructional time offered by the New Heights Charter School and whether the Charter complied with the provisions of *Education Code Section 46200* through *46208*.

**D. Reconciliation of Financial Report – Alternative Form with Audited Financial Statements**

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

**E. Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Charter and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Charter has not elected to use the 10 percent de minimis indirect cost rate.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of New Heights Charter School (the "Charter") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 9, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 Charter'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 Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
December 9, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board  
New Heights Charter School  
Los Angeles, California

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

We have audited New Heights Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Heights Charter School's major federal programs for the year ended June 30, 2019. New Heights Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

**Opinion of Each Major Federal Program**

In our opinion, New Heights Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

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

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

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

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



San Diego, California  
December 9, 2019

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

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

**Report on State Compliance**

We have audited New Heights Charter School's compliance with the types of compliance requirements described in the *2018-19 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 New Heights Charter School's state programs for the fiscal year ended June 30, 2019, as identified below.

**Management's Responsibility**

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 of New Heights Charter School's state 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 *2018-19 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 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 the state programs noted below. An audit includes examining, on a test basis, evidence about New Heights Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of New Heights Charter School's compliance with those requirements.

**Opinion on State Compliance**

In our opinion, New Heights Charter School complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the following table for the year ended June 30, 2019.

**Procedures Performed**

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

<b>Description</b>	<b>Procedures Performed</b>
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	No
After/Before School Education and Safety Program:	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not applicable
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

We did not perform testing of California Clean Energy Jobs Act because the Charter did not receive nor expend any funding for this program. We did not perform testing of Nonclassroom-Based Instruction/Independent Study for Charter Schools as average daily attendance was not material.



San Diego, California  
December 9, 2019



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# **FINDINGS AND QUESTIONED COSTS**

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**NEW HEIGHTS CHARTER SCHOOL  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Financial Statements**

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

**Federal Awards**

Internal control over major program:		
Material weakness(es) identified?		<u>No</u>
Significant deficiency(ies) identified?		<u>None Reported</u>
Type of auditors' report issued:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?		<u>No</u>
Identification of major programs:		
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.010	Title I, Part A, Basic Grants Low-Income and Neglected	
84.282 & 84.282D	Title IV, Part C, Public Charter Schools Grants	
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?		<u>No</u>

**State Awards**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None noted</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**NEW HEIGHTS CHARTER SCHOOL  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

*There were no audit findings related to the financial statements during 2018-19.*

**NEW HEIGHTS CHARTER SCHOOL  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

*There were no audit findings and questioned costs related to federal awards during 2018-19.*

**NEW HEIGHTS CHARTER SCHOOL  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

***There were no audit findings and questioned costs related to state awards during 2018-19.***

**NEW HEIGHTS CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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*There were no audit findings and questioned costs during 2017-18.*