



Granada Hills
Charter

Charter #572

Audit Report

June 30, 2022



Granada Hills Charter
Financial Statements and Supplemental Information
Year Ended June 30, 2022

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Independent Auditor's Report

To the Board of Directors of
Granada Hills Charter

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Granada Hills Charter (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Granada Hills Charter as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Granada Hills Charter and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Granada Hills Charter's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Granada Hills Charter's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Granada Hills Charter's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2021-22 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 schedule of expenditures of federal awards and additional accompanying supplementary information, as identified in the Table of Contents, are 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 19, 2023, on our consideration of Granada Hills 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 Granada Hills 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 Granada Hills Charter's internal control over financial reporting and compliance.

Wilkinson Hadley King + LLP
El Cajon, California
January 19, 2023

Financial Statements

Granada Hills Charter

Consolidated Statement of Financial Position

June 30, 2022

Assets

Cash and cash equivalents	\$ 39,543,132
Operating investments	15,676,658
Accounts receivable	11,624,850
Inventory	23,603
Prepaid expenses	639,613
Other assets cost of issuance	1,422,751
Property and equipment, net	65,278,715
Total Assets	<u>\$ 134,209,322</u>

Liabilities and Net Assets

Liabilities

Accounts payable - vendors	\$ 8,729,268
Accounts payable - related entity	410,644
Accounts payable - grantor government	1,721,667
Accounts payable - student groups	2,813
Accrued expenses and other liabilities	4,274,081
Accrued vacation liability	395,826
Unearned revenue	5,079,588
Bonds and notes payable	70,378,372
Total Liabilities	<u>90,992,259</u>

Net Assets

Without donor restrictions	
Undesignated	41,631,948
Invested in property and equipment, net of related debt	(5,099,657)
	<u>36,532,291</u>
With donor restrictions	
Restricted for other federal programs	1,171,869
Restricted for other state programs	3,402,747
Restricted for ASB programs	614,543
Restricted for other local programs	1,495,613
	<u>6,684,772</u>
Total Net Assets	<u>43,217,063</u>
Total Liabilities and Net Assets	<u>\$ 134,209,322</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 22,249,952	\$ -	\$ 22,249,952
Education protection account state aid	21,474,798	-	21,474,798
Transfers in lieu of property taxes	17,331,356	-	17,331,356
Total LCFF sources	<u>61,056,106</u>	<u>-</u>	<u>61,056,106</u>
Federal contracts and grants	-	13,440,994	13,440,994
PPP loan forgiveness	-	8,377,100	8,377,100
State contracts and grants	6,760,368	4,870,221	11,630,589
Local contracts and grants	2,979,689	-	2,979,689
Net investment return	1,112,462	-	1,112,462
Rental income	64,201	-	64,201
Interest income	(272,924)	-	(272,924)
Net assets released from restriction -			
Grant restrictions satisfied	<u>28,775,804</u>	<u>(28,775,804)</u>	<u>-</u>
Total revenue, support, and gains	<u>100,475,706</u>	<u>(2,087,489)</u>	<u>98,388,217</u>
Expenses and Losses			
Program services expense	73,343,116	-	73,343,116
Supporting services expense	17,935,582	-	17,935,582
Total expenses and losses	<u>91,278,698</u>	<u>-</u>	<u>91,278,698</u>
Change in Net Assets	9,197,008	(2,087,489)	7,109,519
Net Assets, Beginning of Year	<u>27,335,283</u>	<u>8,772,261</u>	<u>36,107,544</u>
Net Assets, End of Year	<u>\$ 36,532,291</u>	<u>\$ 6,684,772</u>	<u>\$ 43,217,063</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	Educational Programs	Management and General	
Salaries and wages	\$ 36,674,257	\$ 6,771,994	\$ 43,446,251
Pension expense	8,321,717	1,536,626	9,858,343
Other employee benefits	5,943,896	1,097,555	7,041,451
Payroll taxes	1,212,615	223,912	1,436,527
Fees for services:			
Legal	-	463,536	463,536
Professional consulting	6,779,112	1,658,943	8,438,055
District oversight	-	1,835,367	1,835,367
Other fees	-	161,030	161,030
Advertising and promotion	-	871	871
Office expenses	33,049	-	33,049
Information technology	226,371	-	226,371
Occupancy	1,858,183	-	1,858,183
Travel	-	147,036	147,036
Debt service interest	-	2,959,296	2,959,296
Depreciation	2,091,784	-	2,091,784
Insurance	-	733,740	733,740
Other expenses:			
Books and supplies	9,990,953	-	9,990,953
Student events	211,179	-	211,179
Dues and memberships	-	345,676	345,676
Total expenses by function	<u>73,343,116</u>	<u>17,935,582</u>	<u>91,278,698</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Consolidated Statement of Cash Flows
Year Ended June 30, 2022

Cash Flows From Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 77,817,809
Receipts from property taxes	17,331,356
PPP loan forgiveness	8,377,100
Other cash receipts	903,739
Payments for salaries, benefits and payroll taxes	(59,562,719)
Payments to vendors	(19,259,969)
Interest paid	(2,959,296)
Net Cash Used For Operating Activities	<u>22,648,020</u>
Cash Flows From Investing Activities	
Sale of operating investments	(2,461,506)
Purchases of property and equipment	(9,542,207)
Net Cash From Investing Activities	<u>(12,003,713)</u>
Cash Flows from Financing Activities	
Proceeds from issuance of bonds	15,581,390
Change in bonds, notes and capital leases	(22,058,143)
Net Cash from Financing Activities	<u>(6,476,753)</u>
Net Change in Cash and Cash Equivalents	4,167,554
Cash and Cash Equivalents, Beginning of Year	<u>35,375,578</u>
Cash and Cash Equivalents, End of Year	<u>\$ 39,543,132</u>
Reconciliation of Change in Net Assets to Net Cash	
Used For Operating Activities	
Change in net assets	\$ 7,109,519
Depreciation	2,091,784
Adjustments to reconcile change in net assets to net cash:	
(Increase) Decrease in assets	
Accounts receivable	2,840,800
Inventory	15,166
Prepaid expenses	1,760,447
Other assets cost of issuance	(155,091)
Increase (Decrease) in liabilities	
Accounts payable - vendors	4,807,382
Accounts payable - related entity	(946,481)
Accounts payable - grantor government	1,337,743
Accounts payable - student groups	(296,346)
Accrued expenses and other liabilities	2,251,717
Accrued vacation liability	(31,864)
Unearned revenue	1,863,244
Net Cash Used For Operating Activities	<u>\$ 22,648,020</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter

Notes to the Consolidated Financial Statements
Year Ended June 30, 2022

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 Hills 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 Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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 statement 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, 2022.

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 Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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 \$871 during the year ended June 30, 2022.

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, 2022, 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, 2022.

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 Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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 62.06% of the School's revenue.

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

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 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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 19, 2023, 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	\$ 39,543,132
Operating investments	15,676,658
Accounts receivable	11,624,850
Inventory	<u>23,603</u>
	<u>\$ 66,868,243</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.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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, 2022:

<u>Assets</u>	<u>Total</u>	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	\$ 27,362,030	\$ -	\$ 27,362,030	\$ -
Money market and equivalent funds (at cost)	15,676,658	15,676,658	-	-
Totals	<u>\$ 43,038,688</u>	<u>\$ 15,676,658</u>	<u>\$ 27,362,030</u>	<u>\$ -</u>

D. Cash and Cash Equivalents

The School’s cash and cash equivalents on June 30, 2022, consisted of the following:

	Granada Hills Charter	17081 Devonshire LLC	Total
Cash in county treasury	\$ 27,362,030	\$ -	\$ 27,362,030
Cash in bank accounts	12,013,075	168,027	12,181,102
Investments	-	15,676,658	15,676,658
Total cash and investments	<u>\$ 39,375,105</u>	<u>\$ 15,844,685</u>	<u>\$ 55,219,790</u>

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 (\$27,362,030 as of June 30, 2022). 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.

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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 (\$15,676,658 as of June 30, 2022). 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, \$12,181,102, 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, 2022, the School held \$13,887,922, 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, 2022, The School's accounts receivable consisted of the following:

	<u>Granada Hills Charter</u>
Federal Government	
ESSER/GEER	\$ 8,694,452
Child Nutrition	420,432
21st Century Assets	237,500
Covid Testing	806,928
Other Federal Programs	411,354
State Government	
Special Education	348,104
Lottery Funding	157,630
Other State Programs	119,648
Local Government	
Property Tax Payments	310,021
Other Local Sources	
Interest	71,143
ASB Transactions	13,925
Other Local Sources	33,713
Total Accounts Receivable	<u>\$ 11,624,850</u>

Granada Hills Charter
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2022

F. Prepaid Expenses

As of June 30, 2022, the School's prepaid expenses consisted of the following:

	Granada Hills Charter
Service contracts	\$ 46,449
Software and licenses	593,164
Total Prepaid Expenses	\$ 639,613

G. Property and Equipment

Property and equipment for Granada Hills Charter consisted of the following at June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 527,402	\$ -	\$ -	\$ 527,402
Work in Progress	847,432	607,686	1,389,770	65,348
Total Non-Depreciable Capital Assets	1,374,834	607,686	1,389,770	592,750
Depreciable Capital Assets				
Leasehold Improvements	2,256,968	28,000	-	2,284,968
Buildings and Improvements	8,641,496	1,457,775	-	10,099,271
Equipment, Furniture, and Fixtures	3,998,194	542,432	-	4,540,626
Total Depreciable Capital Assets	14,896,658	2,028,207	-	16,924,865
Total Capital Assets	16,271,492	2,635,893	1,389,770	17,517,615
Less Accumulated Depreciation	(6,811,904)	(1,035,483)	-	(7,847,387)
Capital Assets, Net	9,459,588	1,600,410	1,389,770	9,670,228

Property and equipment for 17081 Devonshire LLC consisted of the following at June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 5,575,000	\$ -	\$ -	\$ 5,575,000
Work in Progress	41,201,130	-	41,201,130	-
Total Non-Depreciable Capital Assets	46,776,130	-	41,201,130	5,575,000
Depreciable Capital Assets				
Buildings and Improvements	1,990,716	49,497,214	-	51,487,930
Equipment, Furniture, and Fixtures	21,568	-	-	21,568
Total Depreciable Capital Assets	2,012,284	49,497,214	-	51,509,498
Total Capital Assets	48,788,414	49,497,214	41,201,130	57,084,498
Less Accumulated Depreciation	(419,710)	(1,056,301)	-	(1,476,011)
Capital Assets, Net	48,368,704	48,440,913	41,201,130	55,608,487

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

Consolidated property and equipment consisted of the following at June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 6,102,402	\$ -	\$ -	\$ 6,102,402
Work in Progress	42,048,562	607,686	42,590,900	65,348
Total Non-Depreciable Capital Assets	48,150,964	607,686	42,590,900	6,167,750
Depreciable Capital Assets				
Leasehold Improvements	2,256,968	28,000	-	2,284,968
Buildings and Improvements	10,632,212	50,954,989	-	61,587,201
Equipment, Furniture, and Fixtures	4,019,762	542,432	-	4,562,194
Total Depreciable Capital Assets	16,908,942	51,525,421	-	68,434,363
Total Capital Assets	65,059,906	52,133,107	42,590,900	74,602,113
Less Accumulated Depreciation	(7,231,614)	(2,091,784)	-	(9,323,398)
Capital Assets, Net	57,828,292	50,041,323	42,590,900	65,278,715

H. Unearned Revenue

As of June 30, 2022, unearned revenue consisted of the following:

	Granada Hills Charter
Unearned Revenue, beginning of period	\$ 3,216,344
Increases in deferred revenue due to cash received during the period	3,625,935
Decreases in deferred revenue due to performance obligations met during the period	(1,762,691)
Unearned Revenue, end of period	\$ 5,079,588

	Granada Hills Charter
Federal Programs:	
Care Act/ESSER Program	\$ 4,910,234
American Recovery Plan: Homeless Youth	3,908
Title IV	114,993
State Programs:	
Universal Pre-K Program	50,453
Total	\$ 5,079,588

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

I. Bonds Payable

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.

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 2021 CSFA Bonds were sold at an original issue premium of \$1,966,390 with issuance costs of \$480,999 to be amortized over the life of the debt. Interest is payable semiannually on January 1 and July 1, commencing January 1, 2022.

Bonds payable consist of the following at June 30, 2022:

Principal amount	\$	61,460,000
less Unamortized premium and discounts		<u>8,918,372</u>
		<u>\$ 70,378,372</u>

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 270,000	\$ 2,881,350	\$ 3,151,350
2024	940,000	2,869,850	3,809,850
2025	980,000	2,831,950	3,811,950
2026	1,010,000	2,792,650	3,802,650
2027	1,055,000	2,751,950	3,806,950
2028-2032	5,930,000	13,080,900	19,010,900
2033-2037	7,405,000	11,602,750	19,007,750
2038-2042	9,315,000	9,685,250	19,000,250
2043-2047	11,725,000	7,266,850	18,991,850
2048-2052	12,150,000	1,292,950	13,442,950
2053-2055	10,680,000	1,229,250	11,909,250
	<u>\$ 61,460,000</u>	<u>\$ 58,285,700</u>	<u>\$ 119,745,700</u>

Granada Hills Charter
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2022

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. 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.

Year Ended June 30	Operating Leases
2023	3,349,152
2024	3,348,498
2025	3,346,602
2026	3,348,450
2027	3,343,850
2028-2032	16,737,698
2033-2037	16,746,000
2038-2042	16,748,750
2043-2047	16,738,250
2048-2052	15,256,500
2053-2055	8,930,250
Total minimum lease payments	\$ 107,894,000

Rent expense for the year ended June 30, 2022 totaled \$3,219,978.

Granada Hills Charter
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2022

K. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2022:

Restricted for other federal programs	
Child Nutrition Program	\$ 1,171,869
Restricted for other state programs	
Educational Programs	747,942
Expanded Learning Opportunities	1,212,218
Covid Response Funds	1,442,587
Restricted for ASB programs	
Associated Student Body Funds	614,543
Restricted for other local programs	
Other Local Restricted	<u>1,495,613</u>
	<u>\$ 6,684,772</u>
Total net assets with donor restrictions	<u>\$ 6,684,772</u>

Net assets released from restriction during the year were:

Beginning restricted net assets	\$ 8,772,261
Restricted grants received	18,311,215
Net assets released from restriction:	
Restricted purpose satisfied	<u>20,398,704</u>
Ending restricted net assets	<u>\$ 6,684,772</u>

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

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, 2022, 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 2022, 2021 and 2020 is for the plan's year-end at June 30, 2022, 2021 and 2020, 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 2020 to 2021 by 7.81% followed by an increase in 2022 of 7.25%. Granada Hills Charter increased in CalPERS contributions from 2020 to 2021 by 10.30% followed by an additional increase in 2022 of 3.81%. The periods are comparable to one another, and 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	2021	2020	
CalSTRS	19746	Yellow	Yellow	Yellow	No
CalPERS	7340355290	Yellow	Yellow	Yellow	No

Pension Fund	Contributions			Number of	Surcharge Imposed
	2022	2021	2020		
CalSTRS	\$ 3,881,917	\$ 3,844,605	\$ 3,584,803	265	No
CalPERS	1,810,377	1,390,040	1,339,045	151	No
Total	\$ 5,692,294	\$ 5,234,645	\$ 4,923,848	416	

Granada Hills Charter
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2022

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, 2022, 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 16.92% 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, 2022 the State contributed \$2,491,126 (10.858% of certificated salaries plus an additional supplemental amount) on behalf of the School.

CalPERS:

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Active plan members are required to contribute 7% of their salary and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021-22 was 20.70% of classified salaries. The School made contributions as noted above.

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

M. Joint Ventures (Joint Powers Agreements)

The School participates in two joint powers agreements (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, 2022 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 2021-22 fiscal year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Granada Hills Charter	17081 Devonshire LLC	\$ 3,219,978	Rent and Interest

Granada Hills Charter
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2022

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 & Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
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 2018-19 - <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 2019-09 - <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
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

Granada Hills Charter

Notes to the Consolidated Financial Statements (Continued)

Year Ended June 30, 2022

Description	Date Issued	Fiscal Year Effective
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
FASB Accounting Standards Update 2021-10 - <i>Government Assistance (Topic 832)</i>	Nov-21	2022-23
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22	2024-25
FASB Accounting Standards Update 2022-02 - <i>Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage</i>	Mar-22	2023-24
FASB Accounting Standards Update 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-04 - <i>Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations</i>	Sep-22	2023-24

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.

Supplementary Information

Granada Hills Charter
Consolidating Statement of Financial Position
Year Ended June 30, 2022

	Granada Hills Charter	17081 Devonshire LLC	Elimination	Total
Assets				
Cash and cash equivalents	\$ 39,375,105	\$ 168,027	\$ -	\$ 39,543,132
Operating investments	-	15,676,658	-	15,676,658
Accounts receivable	11,624,850	-	-	11,624,850
Inventory	23,603	-	-	23,603
Prepaid expenses	639,613	-	-	639,613
Prepaid cost of issuance	-	1,422,751	-	1,422,751
Property and equipment, net	9,670,228	55,608,487	-	65,278,715
Total Assets	<u>\$ 61,333,399</u>	<u>\$ 72,875,923</u>	<u>\$ -</u>	<u>\$ 134,209,322</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable - vendors	\$ 8,640,273	\$ 88,995	\$ -	\$ 8,729,268
Accounts payable - related entity	410,644	-	-	410,644
Accounts payable - grantor government	1,721,667	-	-	1,721,667
Accounts payable - student groups	2,813	-	-	2,813
Accrued expenses and payroll liabilities	4,274,081	-	-	4,274,081
Accrued vacation liability	395,826	-	-	395,826
Unearned revenue	5,079,588	-	-	5,079,588
Bonds and notes payable	-	70,378,372	-	70,378,372
Total Liabilities	<u>20,524,892</u>	<u>70,467,367</u>	<u>-</u>	<u>90,992,259</u>
Net Assets				
Without donor restrictions				
Undesignated	24,453,507	17,178,441	-	41,631,948
Invested in property and equipment, net of related debt	9,670,228	(14,769,885)	-	(5,099,657)
	<u>34,123,735</u>	<u>2,408,556</u>	<u>-</u>	<u>36,532,291</u>
With donor restrictions				
Restricted for other federal programs	1,171,869	-	-	1,171,869
Restricted for other state programs	3,402,747	-	-	3,402,747
Restricted for ASB programs	614,543	-	-	614,543
Restricted for other local programs	1,495,613	-	-	1,495,613
	<u>6,684,772</u>	<u>-</u>	<u>-</u>	<u>6,684,772</u>
Total Net Assets	<u>40,808,507</u>	<u>2,408,556</u>	<u>-</u>	<u>43,217,063</u>
Total Liabilities and Net Assets	<u>\$ 61,333,399</u>	<u>\$ 72,875,923</u>	<u>\$ -</u>	<u>\$ 134,209,322</u>

See Accompanying Notes to Supplementary Information

Granada Hills Charter
Consolidating Statement of Activities
Year Ended June 30, 2022

	Granada Hills Charter		17081 Devonshire LLC	Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	
Revenue, Support, and Gains					
Local Control Funding Formula (LCFF) sources					
State aid	\$ 22,249,952	\$ -	\$ -	\$ -	\$ 22,249,952
Education protection account state aid	21,474,798	-	-	-	21,474,798
Transfers in lieu of property taxes	17,331,356	-	-	-	17,331,356
Total LCFF sources	<u>61,056,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,056,106</u>
Federal contracts and grants	-	13,440,994	-	-	13,440,994
PPP loan forgiveness		8,377,100			8,377,100
State contracts and grants	6,760,368	4,870,221	-	-	11,630,589
Local contracts and grants	1,602,843	-	1,376,846	-	2,979,689
Gain on refunding	-	-	1,112,462	-	1,112,462
Rental income	64,201	-	3,219,978	(3,219,978)	64,201
Interest income	191,137	-	(464,061)	-	(272,924)
Net assets released from restriction -					
Grant restrictions satisfied	28,775,804	(28,775,804)	-	-	-
Total revenue, support, and gains	<u>98,450,459</u>	<u>(2,087,489)</u>	<u>5,245,225</u>	<u>(3,219,978)</u>	<u>98,388,217</u>
Expenses and Losses					
Program services expense	75,465,253	-	1,097,841	(3,219,978)	73,343,116
Supporting services expense	15,007,320	-	2,928,262	-	17,935,582
Total expenses and losses	<u>90,472,573</u>	<u>-</u>	<u>4,026,103</u>	<u>(3,219,978)</u>	<u>91,278,698</u>
Change in Net Assets	7,977,886	(2,087,489)	1,219,122		7,109,519
Net Assets, Beginning of Year	26,145,849	8,772,261	1,189,434	-	36,107,544
Net Assets, End of Year	<u>\$ 34,123,735</u>	<u>\$ 6,684,772</u>	<u>\$ 2,408,556</u>	<u>\$ -</u>	<u>\$ 43,217,063</u>

See Accompanying Notes to Supplementary Information

Granada Hills Charter

Consolidating Statement of Functional Expenses Year Ended June 30, 2022

	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	\$ 36,674,257	\$ 6,771,994	\$ -	\$ -	\$ -	\$ 43,446,251
Pension expense	8,321,717	1,536,626	-	-	-	9,858,343
Other employee benefits	5,943,896	1,097,555	-	-	-	7,041,451
Payroll taxes	1,212,615	223,912	-	-	-	1,436,527
Fees for services:						
Legal	-	463,536	-	-	-	463,536
Professional consulting	6,737,572	1,658,943	41,540	-	-	8,438,055
District oversight	-	1,835,367	-	-	-	1,835,367
Other fees	-	150,574	-	10,456	-	161,030
Advertising and promotion	-	871	-	-	-	871
Office expenses	33,049	-	-	-	-	33,049
Information technology	226,371	-	-	-	-	226,371
Occupancy	5,078,161	-	-	-	(3,219,978)	1,858,183
Travel	-	147,036	-	-	-	147,036
Debt service interest	-	41,490	-	2,917,806	-	2,959,296
Depreciation	1,035,483	-	1,056,301	-	-	2,091,784
Insurance	-	733,740	-	-	-	733,740
Other expenses:						
Books and supplies	9,990,953	-	-	-	-	9,990,953
Student events	211,179	-	-	-	-	211,179
Dues and memberships	-	345,676	-	-	-	345,676
Total expenses by function	75,465,253	15,007,320	1,097,841	2,928,262	(3,219,978)	91,278,698

See Accompanying Notes to Supplementary Information

Granada Hills Charter

LEA Organization Structure

Year Ended June 30, 2022

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 2023
Joan Lewis	Member	Two Year Term Expires December 2022
Jody Dunlap	Member	Two Year Term Expires December 2023
Supriya Chakravarty	Member	Two Year Term Expires December 2023
Christine Hutton	Member	Two Year Term Expires December 2022
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 Average Daily Attendance
 Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Original D60502A6	Revised N/A	Original EA32A13F	Revised N/A
Classroom Based Attendance				
Grades TK/K-3	517.12	N/A	516.74	N/A
Grade 6	144.29	N/A	143.85	N/A
Grades 7-8	286.31	N/A	284.34	N/A
Grades 9-12	4,057.74	N/A	4,033.13	N/A
Total Classroom Based Attendance	<u>5,005.46</u>	<u>N/A</u>	<u>4,978.06</u>	<u>N/A</u>
Non-Classroom Based Attendance				
Grades 9-12	320.58	N/A	328.94	N/A
Total Non-Classroom Based Attendance	<u>320.58</u>	<u>N/A</u>	<u>328.94</u>	<u>N/A</u>
Total ADA	<u>5,326.04</u>	<u>N/A</u>	<u>5,307.00</u>	<u>N/A</u>

N/A – There were no audit findings which resulted in revision to the ADA.

Granada Hills Charter

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	53,580	0	53,580	180	0	180	Complied
Kindergarten	36,000	53,580	0	53,580	180	0	180	Complied
1st Grade	50,400	53,580	0	53,580	180	0	180	Complied
2nd Grade	50,400	53,580	0	53,580	180	0	180	Complied
3rd Grade	50,400	53,580	0	53,580	180	0	180	Complied
4th Grade	54,000	N/A	N/A	N/A	N/A	N/A	N/A	Complied
5th Grade	54,000	N/A	N/A	N/A	N/A	N/A	N/A	Complied
6th Grade	54,000	60,530	0	60,530	180	0	180	Complied
7th Grade	54,000	60,530	0	60,530	180	0	180	Complied
8th Grade	54,000	60,530	0	60,530	180	0	180	Complied
9th Grade	65,355	65,670	0	65,670	180	0	180	Complied
10th Grade	65,355	65,670	0	65,670	180	0	180	Complied
11th Grade	65,355	65,670	0	65,670	180	0	180	Complied
12th Grade	65,355	65,670	0	65,670	180	0	180	Complied

N/A – Granada Hills Charter did not offer grades 4 and 5 during the 2021-22 school year.

See Accompanying Notes to Supplementary Information

Granada Hills Charter
Schedule of Financial Trends & Analysis
Year Ended June 30, 2022

	Budget 2023	2022	2021	2020
Revenues	\$ 88,678,375	\$ 98,388,217	\$ 79,128,584	\$ 67,722,142
Expenses	88,336,527	91,278,698	70,928,848	62,195,115
Change in Net Assets	<u>341,848</u>	<u>7,109,519</u>	<u>8,199,736</u>	<u>5,527,027</u>
Ending Net Assets	<u>\$ 43,558,911</u>	<u>\$ 43,217,063</u>	<u>\$ 36,107,544</u>	<u>\$ 27,913,387</u>
Unrestricted Net Assets	<u>\$ 38,229,149</u>	<u>\$ 36,532,291</u>	<u>\$ 27,335,283</u>	<u>\$ 26,659,057</u>
Unrestricted net assets as a percentage of total expenses	<u>43.28%</u>	<u>40.02%</u>	<u>38.54%</u>	<u>42.86%</u>
Total Long Term Debt	<u>\$ 70,108,372</u>	<u>\$ 70,378,372</u>	<u>\$ 76,855,722</u>	<u>\$ 74,631,297</u>
ADA at P2	<u>5,552</u>	<u>5,326</u>	<u>N/A</u>	<u>4,948</u>

The School's ending net assets has increased by \$15,303,676 (54.83%) 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.

Average daily attendance (ADA) has increased by 378 over the past two years. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year.

The 2022-23 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$341,848 and ADA is projected to increase by 226 for the 2022-23 fiscal year.

Granada Hills Charter

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2022

June 30, 2022 annual financial alternative form net assets:	\$ 40,434,727
Adjustments and reclassifications:	
Overstatement of capital leases	373,779
Rounding	<u>1</u>
Total adjustments and reclassifications	<u>373,780</u>
June 30, 2022 audited financial statements net assets:	<u>\$ 40,808,507</u>

Granada Hills Charter
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 1,608,257
Total Special Education (IDEA) Cluster			-	1,608,257
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through State Department of Education				
National School Lunch Program	10.553	13523	-	3,310,085
Total Child Nutrition Cluster			-	3,310,085
OTHER PROGRAMS				
U.S. Department of Education				
Passed through State Department of Education				
Title I	84.010	14329	\$ -	\$ 977,079
21st Century - ASSETS	84.287	14535	-	122,507
Title II - Teacher Quality	84.367	14341	-	404,964
Workability	84.126	10006	-	82,318
Carl D Perkins Career & Technical Education	84.048	14894	-	102,725
CARES Act - Elementary & Secondary School Emergency Relief	84.425D	15536	-	62
CARES Act - Elementary & Secondary School Emergency Relief II	84.425D	15547	-	1,402,227
CARES Act - Elementary & Secondary School Emergency Relief III	84.425D	15559	-	2,986,894
CARES Act - Elementary & Secondary School Emergency Relief III	84.425U	10155	-	180,000
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425	15618	-	541,403
Expanded Learning Opportunities (ELO) Grant: GEER II	84.425	15919	-	124,257
Expanded Learning Opportunities (ELO) Grant: ESSER III Emergency Needs	84.425	15620	-	352,932
Expanded Learning Opportunities (ELO) Grant: ESSER III Learning Loss	84.425	15621	-	162,223
Total passed through State Department of Education			-	7,439,591
Total U.S. Department of Education			-	9,047,848
U.S. Department of Agriculture				
Passed through State Department of Education				
Child and Adult Care Food Program	10.558	13666	-	8,091
SNP-COVID	10.555	15637	-	135,300
Pandemic EBT Local Admin Grant	10.649	15644	-	3,063
Total passed through State Department of Education			-	143,391
Total U.S. Department of Agriculture			-	3,453,476
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Los Angeles Department of Public Health				
ELC Covid LACOE Testing	93.323	-	-	936,607
Total passed through Los Angeles Department of Public Health			-	936,607
Total U.S. Department of Health and Human Services			-	936,607
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 13,437,931

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, 2022

Basis of Presentation

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

Granada Hills Charter
Notes to Supplementary Information
Year Ended June 30, 2022

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 Average Daily Attendance

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

Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612 involves offering a minimum number of annual instructional minutes as defined by grade level.

An LEA that closed due to a qualifying emergency in the 2021-22 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

Granada Hills Charter
Notes to Supplementary Information (Continued)
Year Ended June 30, 2022

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 2022-23 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 Granada Hills Charter (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2023.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Granada Hills 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King + LLP
El Cajon, California
January 19, 2023

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

To the Board of Directors
Granada Hills Charter

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Granada Hills Charter's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Granada Hills Charter and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Granada Hills Charter's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Granada Hills Charter's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Granada Hills Charter's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Granada Hills Charter's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Granada Hills Charter's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Granada Hills Charter's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Granada Hills Charter's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wilkinson Hadley King + Co LLP
El Cajon, California
January 19, 2023

Independent Auditor's Report on State Compliance and on Internal Control over
State Compliance

To the Board of Directors
Granada Hills Charter

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited Granada Hills Charter's compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the Charter School's statutory requirements identified below for the year ended June 30, 2022.

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 applicable state programs for the year ended June 30, 2022.

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Granada Hills Charter and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each applicable state program. Our audit does not provide a legal determination of Granada Hills Charter's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Granada Hills Charter's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Granada Hills Charter's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Granada Hills Charter’s compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Granada Hills Charter’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Granada Hills Charter’s internal control over state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Granada Hills Charter’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Charter School’s compliance with the state laws and regulations applicable to the following items:

	Procedures Performed
<u>School Districts, County Offices of Education, and Charter Schools</u>	
T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
Z. Immunizations.....	Yes
AZ. Educator Effectiveness.....	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ. Career Technical Education Incentive Grant.....	N/A
DZ. In Person Instruction Grant.....	Yes
<u>Charter Schools</u>	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom Based Instruction/Independent Study.....	Yes
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
EE. Annual Instructional Minutes - Classroom Based.....	Yes
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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over State Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wilkinson Hadley King + LLP
El Cajon, California
January 19, 2023

Auditor's Results, Findings & Recommendations

Granada Hills Charter

Schedule of Auditor's Results

Year Ended June 30, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> </u> Yes	<u> X </u> No	

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> </u> Yes	<u> X </u> No	

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit July 20212

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education
84.010	Title I
93.323	ELC Covid LACOE Testing
84.367	Title II

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? X Yes No

STATE PROGRAMS

Type of auditor's report issued on compliance for state programs: Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> </u> Yes	<u> X </u> No	

Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*? Yes X No

Granada Hills Charter

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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, 2022

<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