



# Granada Hills Charter

Charter #572

Financial Statements  
June 30, 2024



Granada Hills Charter  
Financial Statements  
Year Ended June 30, 2024

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## Independent Auditor's Report

To the Board of Directors  
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 statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granada Hills Charter as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

#### 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 Charters' 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 opinions. 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 GAAS 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 GAAS 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 Charters' 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 Hill Charters' 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 opinions on the financial statements that collectively comprise Granada Hills Charters' financial statements.

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* are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining financial statements and additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2023-24 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Other Information section of the report, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of Granada Hills Charters' 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 Charters' 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 Charters' internal control over financial reporting and compliance.



El Cajon, California  
December 10, 2024

## Financial Statements

Granada Hills Charter  
Statement of Financial Position  
June 30, 2024

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**Assets**

Cash and cash equivalents	\$ 36,562,332
Operating investments	16,764,169
Accounts receivable	4,946,773
Inventory	59,207
Prepaid expenses	2,192,885
Prepaid cost of issuance	1,389,938
Property and equipment, net	67,247,090
Right-of-use assets, operating leases	
Facilities and equipment	51,466,419
Accumulated amortization	(4,303,066)
Total Assets	\$ 176,325,747

**Liabilities and Net Assets**

Liabilities

Accounts payable - vendors	\$ 1,480,219
Accounts payable - grantor government	593,503
Accounts payable - student groups	547,839
Accrued expenses and other liabilities	3,037,264
Accrued vacation liability	544,794
Operating leases payable	47,108,335
Bonds and notes payable	68,993,058
Total Liabilities	122,305,012

Net Assets

Without donor restrictions	
Undesignated	88,331,587
Invested in property and equipment, net of related debt	(48,854,303)
	39,477,284
With donor restrictions	
Restricted for other federal programs	4,434,483
Restricted for other state programs	7,746,821
Restricted for ASB programs	891,537
Restricted for other local programs	1,470,610
	14,543,451
Total Net Assets	54,020,735
Total Liabilities and Net Assets	\$ 176,325,747

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The accompanying notes are an integral part of this statement.

Granada Hills Charter  
Statement of Activities  
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 42,197,900	\$ -	\$ 42,197,900
Education protection account state aid	10,356,214	-	10,356,214
Transfers in lieu of property taxes	22,409,986	-	22,409,986
Total LCFF sources	<u>74,964,100</u>	<u>-</u>	<u>74,964,100</u>
Federal contracts and grants	-	8,360,490	8,360,490
State contracts and grants	9,291,833	7,291,282	16,583,115
Local contracts and grants	858,649	-	858,649
ASB income	-	719,561	719,561
Rental income	76,330	-	76,330
Interest income and FMV adjustment	1,987,347	-	1,987,347
Net assets released from restriction -			
Grant restrictions satisfied	20,174,390	(20,174,390)	-
Total revenue, support, and gains	<u>107,352,649</u>	<u>(3,803,057)</u>	<u>103,549,592</u>
<b>Expenses and Losses</b>			
Program services expense	79,000,307	-	79,000,307
Supporting services expense	22,271,415	-	22,271,415
Total expenses and losses	<u>101,271,722</u>	<u>-</u>	<u>101,271,722</u>
<b>Change in Net Assets</b>	6,080,927	(3,803,057)	2,277,870
<b>Net Assets, Beginning of Year</b>	<u>33,396,357</u>	<u>18,346,508</u>	<u>51,742,865</u>
<b>Net Assets, End of Year</b>	<u>\$ 39,477,284</u>	<u>\$ 14,543,451</u>	<u>\$ 54,020,735</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter  
Statement of Functional Expenses  
Year Ended June 30, 2024

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	<u>Program Services</u> Educational Programs	<u>Supporting Services</u> Management and General	Total
Salaries and wages	\$ 40,031,333	\$ 7,350,207	\$ 47,381,540
Pension expense	10,022,291	1,840,206	11,862,497
Other employee benefits	7,979,735	1,465,170	9,444,905
Payroll taxes	1,100,476	202,060	1,302,536
Fees for services:			
Legal	-	1,187,056	1,187,056
Professional consulting	7,538,679	1,436,006	8,974,685
District oversight	-	750,368	750,368
Other fees	-	301,947	301,947
Advertising and promotion	-	140,878	140,878
Office expenses	56,633	-	56,633
Information technology	186,570	-	186,570
Occupancy	1,406,159	-	1,406,159
Travel	-	9,759	9,759
Conferences, conventions, and meetings	181,854	-	181,854
Debt service interest	-	2,854,499	2,854,499
Depreciation	2,290,767	-	2,290,767
Insurance	-	523,751	523,751
Other expenses:			
Books and supplies	7,058,277	-	7,058,277
Special education encroachment	-	1,546,284	1,546,284
Student events	1,147,533	-	1,147,533
Dues and memberships	-	2,663,224	2,663,224
Total expenses by function	<u>\$ 79,000,307</u>	<u>\$ 22,271,415</u>	<u>\$ 101,271,722</u>

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The accompanying notes are an integral part of this statement.

Granada Hills Charter  
Statement of Cash Flows  
Year Ended June 30, 2024

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<b>Cash Flows From Operating Activities</b>	
Receipts from federal, state, and local contracts and grants	\$ 77,545,793
Receipts from property taxes	22,409,986
Other cash receipts	2,783,238
Payments for salaries, benefits and payroll taxes	(68,940,871)
Payments to vendors	(29,080,889)
Interest paid	(2,854,499)
<b>Net Cash Provided By Operating Activities</b>	<u><u>1,862,758</u></u>
<b>Cash Flows From Investing Activities</b>	
Sale of operating investments	(69,964)
Purchases of property and equipment	(2,824,157)
<b>Net Cash Used In Investing Activities</b>	<u><u>(2,894,121)</u></u>
<b>Cash Flows from Financing Activities</b>	
Change in bonds, notes and capital leases	(1,076,318)
<b>Net Cash Used In Financing Activities</b>	<u><u>(1,076,318)</u></u>
<b>Net Change in Cash and Cash Equivalents</b>	(2,107,681)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>38,670,013</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 36,562,332</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities</b>	
Change in net assets	\$ 2,277,870
Depreciation	2,290,767
Adjustments to reconcile change in net assets to net cash:	
(Increase) Decrease in assets	
Accounts receivable	709,013
Inventory	7,089
Prepaid expenses	(1,232,001)
Prepaid cost of issuance	23,274
Lease asset	2,148,201
Increase (Decrease) in liabilities	
Accounts payable - vendors	(1,719,371)
Accounts payable - grantor government	(790,956)
Accounts payable - student groups	76,644
Accrued expenses and other liabilities	1,010,092
Accrued vacation liability	40,515
Lease liability	(2,249,747)
Unearned revenue	(728,632)
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ 1,862,758</u></u>

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The accompanying notes are an integral part of this statement.

Granada Hills Charter  
Notes to the Financial Statements  
Year Ended June 30, 2024

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

*Organization*

Granada Hills Charter (the School) was formed as a charter school pursuant to California Education Code §47600 under a charter agreement with Los Angeles Unified School District (the District). The School became a nonprofit benefit corporation on October 22, 2010. The charter agreement was approved by Los Angeles Unified School District and submitted to the California Board of Education in May 2003. The charter agreement was subsequently renewed for three additional five-year terms in 2009, 2014 and 2019. The current charter agreement runs through June 30, 2024, but has an extension until 2027 pursuant to California Education Code Section 47607.4, which was amended by Senate Bill 114.

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 financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit corporations. The School 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 receivable consist primarily of non-interest bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

Granada Hills Charter  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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*Property and Equipment*

The School records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the 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, 2024.

*Investments*

The School's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments result in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities. The School's policy is to follow the fair value measurement and reporting requirements contained in FASB ASC 820 *Fair Value Measurements and Disclosures*.

*Prepaid Expenses*

Prepaid expenses are recorded to account for expenditures during the benefiting period.

*Leases*

The School leases facilities and equipment which are utilized in its charitable purpose. The School determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Statement of Financial Position. Financing leases are included in the financing lease right-of-use assets, other current liabilities, and financing lease liabilities in the Statement of Financial Position.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Granada Hills Charter  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School has elected to apply the short-term lease exemption to any leases with terms of 12 months or less or any leases below the threshold of \$5,000.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the School uses the stand-alone prices of the lease and non-lease components. Observable stand-alone prices are used, if available. If the stand-alone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

*Compensated Absences*

Accumulated unpaid employee vacation benefits are recognized as liabilities of the School. Accumulated sick leave benefits are not recognized as liabilities of the School. The School's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

*Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis 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.

*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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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*Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to the School's program services, administrating, and fundraising and development 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. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2024.

*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.

*Revenue and Revenue Recognition*

The School follows the provisions of FASB ASC 958-605 thereby recognizing revenue when applicable performance related barriers have been satisfied and the revenue is earned. A performance-related barrier represents something that must be achieved, performed or delivered in order to receive funds. Performance related barriers are required to be measurable, limit discretion by recipient on the conduct of the activity, and the stipulations are related to the purpose of the agreement or grant. When funds are received and performance-related barriers are not satisfied, the School records the funds as unearned revenue.

After the School has determined that performance related barriers have been satisfied, the revenue is recognized as either restricted or unrestricted based on the nature of the resources and conditions of the grantor. Restrictions on recognized revenue could constitute allowable uses of the resources that are narrower than the School's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The School primarily receives funds from the California Department of Education (CDE). Local Control Funding Formula revenue and state revenues received from CDE are based on the School's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the School receives state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting 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 72.39% of the School's revenue.

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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The LCFF includes the following components applicable to the School:

1. Provides a base grant for each school based on the school's ADA. The actual base grant varies based on grade span.
2. Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
3. Provides a supplemental grant equal to 20 percent of the adjusted base grants for targeted disadvantaged students. Targeted students are those classified as English Learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, homeless youth, or any combination of these factors (unduplicated count).
4. Provides a concentration grant equal to 65 percent of the adjusted base grant for targeted students exceeding 55 percent of the school's enrollment.

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.

*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, 2024, 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, 2024.

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

*Advertising*

Advertising costs are expensed as incurred and approximated \$140,878 during the year ended June 30, 2024.

*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 accounts receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies. Investments are made by diversified investment managers whose performance is monitored by the School and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, The School believes that the investment policies and guidelines are prudent for the long-term welfare of the School.

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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*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 2023-24 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill &amp; Other (Topic 350)</i>	Jan-17
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19
FASB Accounting Standards Update 2022-02 - <i>Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures</i>	Mar-22
FASB Accounting Standards Update 2022-04 - <i>Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations</i>	Sep-22
FASB Accounting Standards Update 2023-06 - <i>Disclosure Improvements Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative</i>	Oct-23

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

*Subsequent Events*

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 10, 2024, 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	\$ 36,562,332
Operating investments	16,764,169
Accounts receivable	4,946,773
Inventory	<u>59,207</u>
Total	<u><u>\$ 58,332,481</u></u>

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

**C. Fair Value Measurements and Disclosures**

The School 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 School develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the School'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 money market and equivalent funds 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, 2024:

<u>Assets</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Treasury and Operating investments:				
Cash in county treasury	\$ 26,683,135	\$ -	\$ 26,683,135	\$ -
Money market and equivalent funds (at cost)	17,252,307	17,252,307	-	-
Totals	<u>\$ 43,935,442</u>	<u>\$ 17,252,307</u>	<u>\$ 26,683,135</u>	<u>\$ -</u>

Granada Hills Charter  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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**D. Cash and Investments**

The School's cash and investments on June 30, 2024, consisted of the following:

	Granada Hills Charter	17081 Devonshire LLC	Total
Cash in county treasury	\$ 27,745,864	\$ -	\$ 27,745,864
Fair market value adjustment	(1,062,729)	-	(1,062,729)
Cash in bank accounts	9,290,893	100,166	9,391,059
Investments	488,138	16,764,169	17,252,307
Total cash and investments	\$ 36,462,166	\$ 16,864,335	\$ 53,326,501

*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 (\$27,745,864 as of June 30, 2024). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the School's investment in this pool (\$26,683,135 as of June 30, 2024) 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 School & LLC maintains a portion of their funds in short term investments with maturities less than three months in length (\$17,252,307 as of June 30, 2024). 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 and LLC's cash, \$9,391,059, 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, 2024, the School held \$10,420,174 in excess of the FDIC insured amounts with two institutions.

Granada Hills Charter  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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**E. Accounts Receivable**

As of June 30, 2024, the School's accounts receivable consisted of the following:

	<u>Granada Hills Charter</u>
Federal Government	
ESSER/GEER	\$ 334,654
Child Nutrition	279,203
21st Century Assets	348,793
Title I	47,679
Workability	104,469
Other Federal Programs	110,387
State Government	
Child Nutrition	220,816
Lottery Funding	279,613
Charter Facility Grant	1,601,602
Prop 28	174,382
Other Local Sources	
Interest	1,026,753
Insurance Payment	221,524
Other Local Sources	196,898
Total Accounts Receivable	\$ 4,946,773

**F. Prepaid Expenses**

As of June 30, 2024, the School's prepaid expenses consisted of the following:

	<u>Granada Hills Charter</u>
Service contracts	\$ 469,449
Software and licenses	1,609,538
Vendors	113,898
Total Prepaid Expenses	\$ 2,192,885

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

**G. Property and Equipment**

Property and equipment for Granada Hills Charter consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 527,402	\$ -	\$ -	\$ 527,402
Work in Progress	1,118,551	-	-	1,118,551
Total Non-Depreciable Capital Assets	<u>1,645,953</u>	<u>-</u>	<u>-</u>	<u>1,645,953</u>
Depreciable Capital Assets				
Leasehold Improvements	2,328,454	157,025	-	2,485,479
Buildings and Improvements	11,878,167	1,215,652	-	13,093,819
Equipment, Furniture, and Fixtures	4,897,585	514,899	-	5,412,484
Total Depreciable Capital Assets	<u>19,104,206</u>	<u>1,887,576</u>	<u>-</u>	<u>20,991,782</u>
Total Capital Assets	20,750,159	1,887,576	-	22,637,735
Less Accumulated Depreciation	(8,588,645)	(1,234,466)	-	(9,823,111)
Capital Assets, Net	<u><u>12,161,514</u></u>	<u><u>653,110</u></u>	<u><u>-</u></u>	<u><u>12,814,624</u></u>

Property and equipment for 17081 Devonshire LLC consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 5,575,000	\$ -	\$ -	\$ 5,575,000
Work in Progress	-	936,581	-	936,581
Total Non-Depreciable Capital Assets	<u>5,575,000</u>	<u>936,581</u>	<u>-</u>	<u>6,511,581</u>
Depreciable Capital Assets				
Buildings and Improvements	51,487,450	-	-	51,487,450
Equipment, Furniture, and Fixtures	21,568	-	-	21,568
Total Depreciable Capital Assets	<u>51,509,018</u>	<u>-</u>	<u>-</u>	<u>51,509,018</u>
Total Capital Assets	57,084,018	936,581	-	58,020,599
Less Accumulated Depreciation	(2,531,832)	(1,056,301)	-	(3,588,133)
Capital Assets, Net	<u><u>54,552,186</u></u>	<u><u>(119,720)</u></u>	<u><u>-</u></u>	<u><u>54,432,466</u></u>

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

Consolidated property and equipment consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 6,102,402	\$ -	\$ -	\$ 6,102,402
Work in Progress	1,118,551	936,581	-	2,055,132
<b>Total Non-Depreciable Capital Assets</b>	<b>7,220,953</b>	<b>936,581</b>	<b>-</b>	<b>8,157,534</b>
<b>Depreciable Capital Assets</b>				
Leasehold Improvements	2,328,454	157,025	-	2,485,479
Buildings and Improvements	63,365,617	1,215,652	-	64,581,269
Equipment, Furniture, and Fixtures	4,919,153	514,899	-	5,434,052
<b>Total Depreciable Capital Assets</b>	<b>70,613,224</b>	<b>1,887,576</b>	<b>-</b>	<b>72,500,800</b>
<b>Total Capital Assets</b>	<b>77,834,177</b>	<b>2,824,157</b>	<b>-</b>	<b>80,658,334</b>
<b>Less Accumulated Depreciation</b>	<b>(11,120,477)</b>	<b>(2,290,767)</b>	<b>-</b>	<b>(13,411,244)</b>
<b>Capital Assets, Net</b>	<b>66,713,700</b>	<b>533,390</b>	<b>-</b>	<b>67,247,090</b>

**H. 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 were 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 are 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, 2024:

Principal amount	\$ 60,250,000
Net, unamortized premium and discounts	<u>8,743,058</u>
	<u>\$ 68,993,058</u>

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,095,000	2,709,450	3,804,450
2029	1,135,000	2,665,450	3,800,450
2030-2034	6,460,000	12,549,800	19,009,800
2035-2039	8,115,000	10,888,600	19,003,600
2040-2044	10,215,000	8,784,600	18,999,600
2045-2049	12,855,000	6,131,300	18,986,300
2050-2054	11,660,000	3,223,500	14,883,500
2055	5,670,000	283,500	5,953,500
	<u>\$ 60,250,000</u>	<u>\$ 55,612,750</u>	<u>\$ 115,862,750</u>

**I. Leases**

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.

The components of the leases were as follows:

Operating lease cost	
Amortization of right-of-use assets	\$ 2,148,201
Interest on lease liabilities	<u>1,668,967</u>
Total operating lease cost	<u>3,817,168</u>
Short-term lease cost	<u>-</u>
Total lease expense	<u>\$ 3,817,168</u>

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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The following represents additional information related to the School’s leases:

Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 51,466,419
Total	<u>\$ 51,466,419</u>
Weighted average remaining lease term:	
Operating leases	190 Months
Weighted average discount rate:	
Operating leases	3.48%

Future minimum lease payments on the School’s leases are as follows:

Year Ended June 30,	Operating Leases
2025	\$ 3,904,368
2026	3,908,160
2027	3,906,527
2028	3,816,985
2029	3,811,967
Thereafter	<u>41,914,800</u>
Total future minimum lease payments	61,262,807
Less imputed interest	<u>(14,154,472)</u>
Net future minimum lease payments	<u>\$ 47,108,335</u>

**J. 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 School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

The School’s participation in these plans for the fiscal year ended June 30, 2024, 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 2024, 2023 and 2022 is for the plan’s year-end at June 30, 2024, 2023 and 2022, 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 2022 to 2023 by 3.67% followed by an increase in 2024 of 71.66%. Granada Hills Charter increased in CalPERS contributions from 2022 to 2023 by 23.43% followed by an increase in 2024 of 13.46%.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented
		2024	2023	2022	
CalSTRS	19746	Green	Green	Green	No
CalPERS	7340355290	Green	Yellow	Yellow	No

  

Pension Fund	Contributions			Number of Employees	Surcharge Imposed
	2024	2023	2022		
CalSTRS	\$ 6,419,329	\$ 3,739,570	\$ 3,881,917	292	No
CalPERS	2,535,183	2,234,472	1,810,377	174	No
Total	<u>\$ 8,954,512</u>	<u>\$ 5,974,042</u>	<u>\$ 5,692,294</u>	<u>466</u>	

**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, 2024, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their membership date. The employer contribution rate was 19.10% 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, 2024 the State contributed \$2,907,985 (10.828% of certificated salaries) on behalf of the School.

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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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 between 7% and 8% of their salary, depending on their membership date. The employer 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 2023-24 was 26.68% of classified salaries. The School made contributions as noted above.

**K. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2024:

Restricted for other federal programs	
Child Nutrition program	\$ 4,098,509
Cares Act/ESSER program	335,974
Restricted for other state programs	
Educational Programs	4,561,645
Expanded Learning Opportunities	787,989
Learning Recovery Grant	2,397,187
Restricted for ASB programs	
Associated Student Body Funds	891,537
Restricted for other local programs	
Other Local Restricted	<u>1,470,610</u>
Total net assets with donor restrictions	<u><u>\$ 14,543,451</u></u>

Net assets released from restriction during the year were:

Beginning restricted net assets	\$ 18,346,508
Restricted grants received	15,651,772
Net assets released from restriction:	
Restricted purpose satisfied	<u>(19,454,829)</u>
Ending restricted net assets	<u><u>\$ 14,543,451</u></u>

Granada Hills Charter  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

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**L. Joint Ventures (Joint Powers Agreements)**

The School participates in one joint powers agreement (JPA) entity, the Alliance of Schools for Cooperative Insurance Program (ASCIP). The relationship between the School and the JPA is such that the JPA is not a component unit of the school.

The JPA arranges for and provides for various types of insurances for its member districts and schools as requested. The JPA is governed by a board consisting of one or more representatives from each member. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts and schools beyond their representation on the board. 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 JPA.

The JPA has budgeting and financial reporting requirements independent of member units and therefore the JPA’s financial statements are not presented in these financial statements; however, transactions between the School and the JPA are included in these statements. Audited financial statements for the year ended June 30, 2024 are available upon request of the authority. Financial statements from the JPA are available upon request from the respective agency.

**M. 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 2023-24 fiscal year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Granada Hills Charter	17081 Devonshire LLC	\$ 4,149,767	Rent and Interest

**Granada Hills Charter**  
Notes to the Financial Statements, Continued  
Year Ended June 30, 2024

**N. 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 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
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 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-05 - <i>Financial Services - Insurance (Topic 944): Transition for Sold Contracts</i>	Dec-22	2025-26
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23	2024-25
FASB Accounting Standards Update 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23	2024-25
FASB Accounting Standards Update 2023-07 - <i>Segment Reporting (Topic 280)</i>	Nov-23	2024-25
FASB Accounting Standards Update 2023-08 - <i>Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)</i>	Dec-23	2025-26
FASB Accounting Standards Update 2023-09 - <i>Income Taxes (Topic 740)</i>	Dec-23	2026-27
FASB Accounting Standards Update 2024-01 - <i>Compensation - Stock Compensation (Topic 718)</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-02 - <i>Codification Improvements - Amendments to Remove References to the Concepts Statements</i>	Mar-24	2026-27

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**  
**June 30, 2024**

	Granada Hills Charter	17081 Devonshire LLC	Elimination	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 36,462,166	\$ 100,166	\$ -	\$ 36,562,332
Operating investments	-	16,764,169	-	16,764,169
Accounts receivable	4,946,773	-	-	4,946,773
Inventory	59,207	-	-	59,207
Prepaid expenses	2,192,885	-	-	2,192,885
Prepaid cost of issuance	-	1,389,938	-	1,389,938
Property and equipment, net	12,814,624	54,432,466	-	67,247,090
Right-of-use assets, operating leases				
Facilities and equipment	51,466,419	-	-	51,466,419
Accumulated amortization	(4,303,066)	-	-	(4,303,066)
Total Assets	<u>\$ 103,639,008</u>	<u>\$ 72,686,739</u>	<u>\$ -</u>	<u>\$ 176,325,747</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable - vendors	\$ 1,330,219	\$ 150,000	\$ -	\$ 1,480,219
Accounts payable - grantor government	593,503	-	-	593,503
Accounts payable - student groups	547,839	-	-	547,839
Accrued expenses and payroll liabilities	3,037,264	-	-	3,037,264
Accrued vacation liability	544,794	-	-	544,794
Operating leases payable	47,108,335	-	-	47,108,335
Bonds and notes payable	-	68,993,058	-	68,993,058
Total Liabilities	<u>53,161,954</u>	<u>69,143,058</u>	<u>-</u>	<u>122,305,012</u>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	70,227,314	18,104,273	-	88,331,587
Invested in property and equipment, net of related debt	(34,293,711)	(14,560,592)	-	(48,854,303)
	<u>35,933,603</u>	<u>3,543,681</u>	<u>-</u>	<u>39,477,284</u>
<b>With donor restrictions</b>				
Restricted for other federal programs	4,434,483	-	-	4,434,483
Restricted for other state programs	7,746,821	-	-	7,746,821
Restricted for ASB programs	891,537	-	-	891,537
Restricted for other local programs	1,470,610	-	-	1,470,610
	<u>14,543,451</u>	<u>-</u>	<u>-</u>	<u>14,543,451</u>
Total Net Assets	<u>50,477,054</u>	<u>3,543,681</u>	<u>-</u>	<u>54,020,735</u>
Total Liabilities and Net Assets	<u>\$ 103,639,008</u>	<u>\$ 72,686,739</u>	<u>\$ -</u>	<u>\$ 176,325,747</u>

See Accompanying Notes to Supplementary Information

**Granada Hills Charter**  
**Consolidating Statement of Activities**  
**Year Ended June 30, 2024**

	Granada Hills Charter		17081 Devonshire LLC		Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions		
<b>Revenue, Support, and Gains</b>						
Local Control Funding Formula (LCFF) sources						
State aid	\$ 42,197,900	\$ -	\$ -	\$ -		\$ 42,197,900
Education protection account state aid	10,356,214	-	-	-		10,356,214
Transfers in lieu of property taxes	22,409,986	-	-	-		22,409,986
Total LCFF sources	<u>74,964,100</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>74,964,100</u>
Federal contracts and grants	-	8,360,490	-	-		8,360,490
State contracts and grants	9,291,833	7,291,282	-	-		16,583,115
Local contracts and grants	858,649	-	-	-		858,649
ASB income	-	719,561	-	-		719,561
Rental income	76,330	-	4,149,767	(4,149,767)		76,330
Interest income and FMV adjustment	1,454,858	-	532,489	-		1,987,347
Net assets released from restriction - Grant restrictions satisfied	20,174,390	(20,174,390)	-	-		-
Total revenue, support, and gains	<u>106,820,160</u>	<u>(3,803,057)</u>	<u>4,682,256</u>	<u>(4,149,767)</u>		<u>103,549,592</u>
<b>Expenses and Losses</b>						
Program services expense	82,093,773	-	1,056,301	(4,149,767)		79,000,307
Supporting services expense	19,416,697	-	2,854,718	-		22,271,415
Total expenses and losses	<u>101,510,470</u>	<u>-</u>	<u>3,911,019</u>	<u>(4,149,767)</u>		<u>101,271,722</u>
<b>Change in Net Assets</b>	5,309,690	(3,803,057)	771,237	-		2,277,870
<b>Net Assets, Beginning of Year</b>	30,623,913	18,346,508	2,772,444	-		51,742,865
<b>Net Assets, End of Year</b>	<u>\$ 35,933,603</u>	<u>\$ 14,543,451</u>	<u>\$ 3,543,681</u>	<u>\$ -</u>		<u>\$ 54,020,735</u>

See Accompanying Notes to Supplementary Information

**Granada Hills Charter**  
**Consolidating Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	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	\$ 40,031,333	\$ 7,350,207	\$ -	\$ -	\$ -	\$ 47,381,540
Pension expense	10,022,291	1,840,206	-	-	-	11,862,497
Other employee benefits	7,979,735	1,465,170	-	-	-	9,444,905
Payroll taxes	1,100,476	202,060	-	-	-	1,302,536
Fees for services:						
Legal	-	1,187,056	-	-	-	1,187,056
Professional consulting	7,538,679	1,435,939	-	67	-	8,974,685
District oversight	-	750,368	-	-	-	750,368
Other fees	-	301,795	-	152	-	301,947
Advertising and promotion	-	140,878	-	-	-	140,878
Office expenses	56,633	-	-	-	-	56,633
Information technology	186,570	-	-	-	-	186,570
Occupancy	5,555,926	-	-	-	(4,149,767)	1,406,159
Travel	-	9,759	-	-	-	9,759
Conferences, conventions, and meetings	181,854	-	-	-	-	181,854
Debt service interest	-	-	-	2,854,499	-	2,854,499
Depreciation	1,234,466	-	1,056,301	-	-	2,290,767
Insurance	-	523,751	-	-	-	523,751
Other expenses:						
Books and supplies	7,058,277	-	-	-	-	7,058,277
Special education encroachment	-	1,546,284	-	-	-	1,546,284
Student transportation and events	1,147,533	-	-	-	-	1,147,533
Dues and memberships	-	2,663,224	-	-	-	2,663,224
Total expenses by function	<u>\$ 82,093,773</u>	<u>\$ 19,416,697</u>	<u>\$ 1,056,301</u>	<u>\$ 2,854,718</u>	<u>\$ (4,149,767)</u>	<u>\$ 101,271,722</u>

See Accompanying Notes to Supplementary Information

*Additional Supplementary Information*

**Granada Hills Charter**  
**Schedule of Average Daily Attendance**  
**Year Ended June 30, 2024**

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	Second Period Report		Annual Report	
	Original F795B58A	Revised N/A	Original D7841EFF	Revised N/A
Classroom Based Attendance				
Grades TK/K-3	535.92	N/A	536.61	N/A
Grades 4-6	428.77	N/A	429.55	N/A
Grades 7-8	289.24	N/A	289.15	N/A
Grades 9-12	<u>4,259.57</u>	N/A	<u>4,256.54</u>	N/A
Total Classroom Based Attendance	<u>5,513.50</u>	N/A	<u>5,511.85</u>	N/A
Non-Classroom Based Attendance				
Grades 9-12	<u>180.31</u>	N/A	<u>184.29</u>	N/A
Total Non-Classroom Based Attendance	<u>180.31</u>	N/A	<u>184.29</u>	N/A
Total ADA	<u><u>5,693.81</u></u>	<u><u>N/A</u></u>	<u><u>5,696.14</u></u>	<u><u>N/A</u></u>

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

Granada Hills Charter  
Schedule of Instructional Time  
Year Ended June 30, 2024

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	56,695	0	56,695	179	0	179	Complied
Kindergarten	36,000	56,695	0	56,695	179	0	179	Complied
1st Grade	50,400	53,295	0	53,295	179	0	179	Complied
2nd Grade	50,400	53,295	0	53,295	179	0	179	Complied
3rd Grade	50,400	53,295	0	53,295	179	0	179	Complied
4th Grade	54,000	55,085	0	55,085	179	0	179	Complied
5th Grade	54,000	55,085	0	55,085	179	0	179	Complied
6th Grade	54,000	60,285	0	60,285	179	0	179	Complied
7th Grade	54,000	60,285	0	60,285	179	0	179	Complied
8th Grade	54,000	60,285	0	60,285	179	0	179	Complied
9th Grade	64,800	76,931	0	76,931	179	0	179	Complied
10th Grade	64,800	76,931	0	76,931	179	0	179	Complied
11th Grade	64,800	76,931	0	76,931	179	0	179	Complied
12th Grade	64,800	76,931	0	76,931	179	0	179	Complied

See accompanying notes to supplementary information.

**Granada Hills Charter**  
**Schedule of Financial Trends & Analysis**  
**Year Ended June 30, 2024**

	Budget 2025 (See Note 1)	2024	2023 (See Note 1)	2022 (See Note 1)
Revenues	\$ 99,134,883	\$ 103,549,592	\$ 101,046,722	\$ 98,388,217
Expenses	95,937,981	101,271,722	92,520,920	91,278,698
Change in Net Assets	3,196,902	2,277,870	8,525,802	7,109,519
Ending Net Assets	\$ 57,217,637	\$ 54,020,735	\$ 51,742,865	\$ 43,217,063
Unrestricted Net Assets	\$ 40,860,817	\$ 39,477,284	\$ 33,396,357	\$ 36,532,291
Unrestricted net assets as a percentage of total expenses	42.59%	38.98%	36.10%	40.02%
Total Long Term Debt	\$ 68,013,058	\$ 68,993,058	\$ 70,069,376	\$ 70,378,372
ADA at P2	5,710	5,694	5,539	5,326

The School's ending net assets has increased by \$10,803,672 (25%) 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 368 over the past two fiscal years.

Note 1:

AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

- 1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
- 2) The supplementary information relates to the same period as the financial statements.
- 3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
- 4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the School.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

See accompanying notes to supplementary information.

**Granada Hills Charter**  
Reconciliation of Unaudited Financial Report with Audited Financial Statements  
Year Ended June 30, 2024

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June 30, 2024 annual financial alternative form net assets:	\$ 50,477,053
Adjustments and reclassifications:	
Rounding	<u>1</u>
Total adjustments and reclassifications	<u>1</u>
June 30, 2024 audited financial statements net assets:	<u><u>\$ 50,477,054</u></u>

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See accompanying notes to supplementary information.

Granada Hills Charter  
Notes to Supplementary Information  
Year Ended June 30, 2024

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**A. Consolidating Statement of Financial Position**

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

**B. Consolidating Statement of Activities**

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

**C. Consolidating Statement of Functional Expenses**

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

**D. 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 for each school.

**E. Schedule of Instructional Time**

This schedule provides the information necessary to determine if the School has complied with Education Code §47612 & §47612.5 which require the following:

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

Compliance with Education Code §47612 involves offering a minimum number of annual instructional minutes as defined by grade level. Non-classroom based charters do not have a requirement for auditing/testing offered instructional minutes, as a result, the offerings are not reported in the schedule of instructional time.

An LEA that closed due to a qualifying emergency in the 2023-24 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, 2024

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**F. Schedule of Financial Trends and 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 2024-25 fiscal year.

**G. Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets as reported on the Unaudited Financial Report Alternative Forms prepared by the School to the net assets reported in the audited financial statements.

**Granada Hills Charter**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 1,454,850
Total Special Education (IDEA) Cluster			<u>-</u>	<u>1,454,850</u>
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education				
National School Lunch Program	10.555	13396	-	2,077,489
Supply Chain Assistance (SCA) Funds	10.555	15655	-	330,053
Local Food for Schools	10.555	15708	-	50,660
Total Child Nutrition Cluster			<u>-</u>	<u>2,458,202</u>
<b>OTHER PROGRAMS</b>				
<u>U.S. Department of Education</u>				
Passed through State Department of Education				
COVID-19 Homeless Children & Youth	84.425	15566	-	11,270
COVID-19 ESSER III State Reserve Learning Loss	84.425	15621	-	420,993
COVID-19 ESSER III	84.425D	15559	-	1,238,251
COVID-19 ESSER III Learning Loss	84.425U	10155	-	930,213
Subtotal COVID-19 Funding			<u>-</u>	<u>2,600,727</u>
Child & Adult Care Food Program	10.558	13666	-	64,175
ESSA Title I Basic	84.010	14329	-	979,355
Carl D Perkins Career & Technical Ed - Secondary	84.048	14894	-	116,811
Workability II, Transition Partnership	84.126	10006	-	104,469
21st Century - ASSETS	84.287	14535	-	348,793
Title II - Supporting Effective Instruction	84.367	14341	-	233,108
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ -</u>	<u>\$ 8,360,490</u>

See accompanying notes to schedule of expenditures of federal awards.

Granada Hills Charter  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

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**A. 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 combined financial statements.

**B. 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.

**C. 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.

## Other Information

**Granada Hills Charter  
Organization Structure  
Year Ended June 30, 2024**

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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, but has an extension until 2027 pursuant to California Education Code Section 47607.4, which was amended by Senate Bill 114.

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**

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<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Jody Dunlap	Chair	Two Year Term Expires December 2025
Lorene Dixon-Ndife	Member	Two Year Term Expires December 2025
Joan Lewis	Member	Two Year Term Expires December 2024
James Salin	Member	Two Year Term Expires December 2024
Sandra Bingham	Member	Two Year Term Expires December 2024
Maribel Ramirez	Member	Two Year Term Expires December 2024
Richard Nolan	Member	Two Year Term Expires December 2024
Luis Cervantes	Member	Two Year Term Expires December 2024

**ADMINISTRATION**

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Brian Bauer  
Executive Director

Tammy Stanton  
Chief Financial Officer

## 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 of  
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, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



El Cajon, California

December 10, 2024

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

To the Board of Directors of  
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, 2024. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Responsibility 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 GAAS, *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 GAAS, *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 or significant deficiencies, 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.



El Cajon, California  
December 10, 2024

Independent Auditor's Report on State Compliance and on  
Internal Controls 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 compliance with the requirements specified in the *2023-24 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 Granada Hills Charter's statutory requirements identified below for the year ended June 30, 2024.

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 their applicable state programs for the year ended June 30, 2024.

**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 *2023-24 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 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 Granada Hills Charter’s compliance with the state laws and regulations applicable to the following items:

<b><u>School Districts, County Offices of Education, and Charter Schools</u></b>	<b><u>Procedures Performed</u></b>
T. Proposition 28 Arts and Music in Schools	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.....	Yes
DZ. Expanded Learning Opportunities Program (ELO-P)	Yes
EZ. Transitional Kindergarten.....	Yes
 <b><u>Charter Schools</u></b>	
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.....	Yes

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

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.



El Cajon, California  
December 10, 2024

## Auditor's Results, Findings & Recommendations

Granada Hills Charter  
 Schedule of Auditor's Results  
 Year Ended June 30, 2024

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major federal programs:	
One or more material weakness(es) identified?	_____ Yes <u>  X  </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes <u>  X  </u> No

Type of auditor's report issued on compliance for major programs:	Unmodified
Compliance supplement utilized for single audit	May 2024
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	_____ Yes <u>  X  </u> No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.027	Special Education (IDEA)
84.425, 84.425D, 84.425U	COVID-19 Funding

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

Granada Hills Charter  
Schedule of Auditor's Results, Continued  
Year Ended June 30, 2024

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**STATE AWARDS**

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?            Yes   X   No

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

Any audit findings disclosed that are required to be reported  
in accordance with *2023-24 Guide for Annual Audits  
of California K-12 Local Education Agencies?*

           Yes   X   No

**Granada Hills Charter**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, 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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
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, 2024

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