



TO: Governing Board

DATE: December 15, 2025

FROM: Tammy Stanton, Chief Financial Officer

SUBJECT: APPROVAL – 2024-25 Consolidated Financial Statements Audit

Attached please find the Granada Hills Charter High School (GHC) Consolidated Financial Statements Audit period ending June 30, 2025.

Charter schools are required to follow and adhere to generally accepted accounting principles (GAAP), and must file an annual audit report with the charter authorizer (Los Angeles Unified School District), County Superintendent of Schools, California Department of Education, and State Controller's Office is due annually by December 15.

The audit was conducted by the accountancy firm of Wilkinson Hadley King & Co. LLP (WHK). The GHC audit report will be filed by WHK with the appropriate state and local agencies, and will be available to the public on the GHC website.

The report reflects no findings for the 2024-25 fiscal year, and a reconciliation of the Charter School Fund 62 Unaudited Actual Report to the Audited Financial Statements identified rounding adjustments totaling \$3.

Fund 62 Adjustment Summary	Amount
June 30, 2025 unaudited SACS form net assets:	\$47,755,095
Rounding	3
Total adjustments and reclassifications	3
June 30, 2023 audited financial statements net assets:	\$47,755,098

Staff recommends the Governing Board accept the audited consolidated financial statements for the fiscal year ending June 30, 2025.

cc: Brian Bauer, Chief Executive Officer/Superintendent

Approved by the GHC Governing Board December 15, 2025

David Bensinger

Board Secretary



Granada Hills Charter

Charter #572

Financial Statements
June 30, 2025



Granada Hills Charter
Financial Statements
Year Ended June 30, 2025

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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, 2025, 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, 2025, 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 *2024-25 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 and additional supplementary information as identified in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other 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 15, 2025 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 15, 2025

Financial Statements

Granada Hills Charter
Statement of Financial Position
June 30, 2025

Assets

Cash and cash equivalents	\$ 39,267,545
Operating investments	27,472,797
Accounts receivable	4,854,697
Inventory	34,948
Prepaid expenses	2,300,736
Prepaid cost of issuance	1,890,152
Property and equipment, net	85,755,796
Right-of-use assets, operating leases	
Facilities and equipment	228,202
Accumulated amortization	<u>(10,899)</u>
Total Assets	<u><u>\$ 161,793,974</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable - vendors	\$ 1,459,511
Accounts payable - grantor government	8,460,644
Accounts payable - student groups	438,049
Accrued expenses and other liabilities	3,419,983
Accrued vacation liability	551,227
Unearned revenue	256,769
Operating leases payable	217,356
Bonds and notes payable	<u>95,455,354</u>
Total Liabilities	<u>110,258,893</u>

Net Assets

Without donor restrictions	
Undesignated	206,315,626
Invested in property and equipment, net of related debt	<u>(171,448,883)</u>
	<u>34,866,743</u>
With donor restrictions	
Restricted for other federal programs	4,693,580
Restricted for other state programs	5,136,853
Restricted for ASB programs	1,163,805
Restricted for other local programs	<u>5,674,100</u>
	<u>16,668,338</u>
Total Net Assets	<u>51,535,081</u>
Total Liabilities and Net Assets	<u><u>\$ 161,793,974</u></u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 27,091,420	\$ -	\$ 27,091,420
Education protection account state aid	23,209,879	-	23,209,879
Transfers in lieu of property taxes	23,636,881	-	23,636,881
Total LCFF sources	<u>73,938,180</u>	<u>-</u>	<u>73,938,180</u>
Federal contracts and grants	-	5,338,178	5,338,178
State contracts and grants	9,484,198	7,547,224	17,031,422
Local contracts and grants	1,010,205	-	1,010,205
ASB income	680,955	-	680,955
Rental income	94,869	-	94,869
Interest income and FMV adjustment	2,905,930	-	2,905,930
Net assets released from restriction -			
Grant restrictions satisfied	10,760,515	(10,760,515)	-
Total revenue, support, and gains	<u>98,874,852</u>	<u>2,124,887</u>	<u>100,999,739</u>
Expenses and Losses			
Program services expense	73,847,110	-	73,847,110
Supporting services expense	29,588,265	-	29,588,265
Total expenses and losses	<u>103,435,375</u>	<u>-</u>	<u>103,435,375</u>
Change in Net Assets	(4,560,523)	2,124,887	(2,435,636)
Net Assets, Beginning of Year	<u>39,427,266</u>	<u>14,543,451</u>	<u>53,970,717</u>
Net Assets, End of Year	<u>\$ 34,866,743</u>	<u>\$ 16,668,338</u>	<u>\$ 51,535,081</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Statement of Functional Expenses
Year Ended June 30, 2025

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Educational Programs</u>	<u>Management and General</u>	
Salaries and wages	\$ 41,682,198	\$ 8,104,087	\$ 49,786,285
Pension expense	10,411,280	2,024,220	12,435,500
Other employee benefits	7,929,408	1,541,680	9,471,088
Payroll taxes	1,154,135	224,393	1,378,528
Fees for services:			
Legal	-	2,155,292	2,155,292
Professional consulting	422,347	9,844,276	10,266,623
Other fees	-	229,365	229,365
Advertising and promotion	-	182,942	182,942
Office expenses	37,594	-	37,594
Information technology	184,097	-	184,097
Occupancy	1,656,081	-	1,656,081
Travel	-	5,537	5,537
Conferences, conventions, and meetings	-	260,266	260,266
Debt service interest	-	1,793,843	1,793,843
Depreciation	2,012,590	-	2,012,590
Insurance	-	643,521	643,521
Other expenses:			
Books and supplies	4,710,377	-	4,710,377
Special education encroachment	2,293,220	-	2,293,220
Student events	1,353,783	-	1,353,783
Dues and memberships	-	2,578,843	2,578,843
Total expenses by function	<u>\$ 73,847,110</u>	<u>\$ 29,588,265</u>	<u>\$ 103,435,375</u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows From Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 81,847,072
Receipts from property taxes	23,636,881
Other cash receipts	3,681,754
Payments for salaries, benefits and payroll taxes	(72,682,249)
Payments to vendors	(27,271,845)
Interest paid	<u>(1,793,843)</u>
Net Cash Provided By Operating Activities	<u><u>7,417,770</u></u>
 Cash Flows From Investing Activities	
Change in operating investments	(10,708,628)
Purchases of property and equipment	<u>(20,521,296)</u>
Net Cash Used In Investing Activities	<u><u>(31,229,924)</u></u>
 Cash Flows From Financing Activities	
Changes in leases	55,071
Change in bonds	<u>26,462,296</u>
Net Cash Provided By Financing Activities	<u><u>26,517,367</u></u>
 Net Change in Cash and Cash Equivalents	 2,705,213
 Cash and Cash Equivalents, Beginning of Year	 <u>36,562,332</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 39,267,545</u></u>
 Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities	
Change in net assets	\$ (2,435,636)
Depreciation	2,012,590
Adjustments to reconcile change in net assets to net cash:	
(Increase) Decrease in assets	
Accounts receivable	42,058
Inventory	24,259
Prepaid expenses	(107,851)
Prepaid cost of issuance	(500,214)
Increase (Decrease) in liabilities	
Accounts payable - vendors	(20,708)
Accounts payable - grantor government	7,867,141
Accounts payable - student groups	(109,790)
Accrued expenses and other liabilities	382,719
Accrued vacation liability	6,433
Unearned revenue	<u>256,769</u>
Net Cash Provided By Operating Activities	<u><u>\$ 7,417,770</u></u>

The accompanying notes are an integral part of this statement.

Granada Hills Charter
Notes to the Financial Statements
Year Ended June 30, 2025

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, 2025, 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, 2025

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, 2025.

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, 2025

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, 2025

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, 2025.

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 75.30% of the School's revenue.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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, 2025, 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, 2025.

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 \$182,942 during the year ended June 30, 2025.

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, 2025

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 2024-25 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23
FASB Accounting Standards Update 2023-07 - <i>Segment Reporting (Topic 280)</i>	Nov-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 15, 2025, the date the financial statements were available to be issued.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

B. Liquidity and Availability

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

Cash and cash equivalents	\$ 39,267,545
Operating investments	27,472,797
Accounts receivable	4,854,697
Inventory	<u>34,948</u>
Total	<u>\$ 71,629,987</u>

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.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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, 2025:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Treasury and Operating investments:				
Cash in county treasury	\$ 31,934,393	\$ -	\$ 31,934,393	\$ -
Bond investment funds	27,472,797	27,472,797	-	-
Money market and equivalent funds (at cost)	491,807	491,807	-	-
Totals	<u>\$ 59,898,997</u>	<u>\$ 27,964,604</u>	<u>\$ 31,934,393</u>	<u>\$ -</u>

D. Cash and Investments

The School's cash and investments on June 30, 2025, consisted of the following:

	Granada Hills Charter	17081 Devonshire LLC	Total
Cash in county treasury	\$ 32,747,262	\$ -	\$ 32,747,262
Fair market value adjustment	(812,869)	-	(812,869)
Cash in bank accounts	5,314,662	1,526,683	6,841,345
Cash in money market accounts	491,807	-	491,807
Investments	-	27,472,797	27,472,797
Total cash and investments	<u>\$ 37,740,862</u>	<u>\$ 28,999,480</u>	<u>\$ 66,740,342</u>

Cash in County Treasury

The School is a voluntary participant and therefore maintains a portion of its cash in the Los Angeles County Treasury as part of the common investment pool (\$32,747,262 as of June 30, 2025). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

The fair value of the School’s investment in this pool (\$31,934,393 as of June 30, 2025) 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 (\$27,964,604 as of June 30, 2025). 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, \$6,841,345, 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, 2025, the School held \$6,688,652 in excess of the FDIC insured amounts with two institutions.

E. Accounts Receivable

As of June 30, 2025, the School’s accounts receivable consisted of the following:

	<u>Granada Hills Charter</u>
Federal Government	
Special Education	\$ 103,399
Child Nutrition	15,916
21st Century Assets	241,775
Workability	75,321
Other Federal Programs	31,160
State Government	
Special Education	314,868
Lottery Funding	626,028
Expanded Learning	276,911
Arts & Music Grant	77,722
Charter Facility Grant	784,429
Other State Programs	67,611
Local Government	
Property Tax Payments	1,699,834
Other Local Sources	
Interest	303,648
Insurance Payment	88,672
ASB Transactions	92,192
Other Local Sources	55,211
Total Accounts Receivable	\$ 4,854,697

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

F. Prepaid Expenses

As of June 30, 2025, the School's prepaid expenses consisted of the following:

Service contracts	\$	119,970
Software and licenses		1,574,171
Vendors		606,595
Total Prepaid Expenses	\$	<u>2,300,736</u>

G. Property and Equipment

Property and equipment for Granada Hills Charter consisted of the following at June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets				
Land	\$ 527,402	\$ -	\$ -	\$ 527,402
Work in Progress	1,118,551	358,785	-	1,477,336
Total Non-Depreciable Capital Assets	<u>1,645,953</u>	<u>358,785</u>	<u>-</u>	<u>2,004,738</u>
Depreciable Capital Assets				
Leasehold Improvements	2,485,479	64,751	-	2,550,230
Buildings and Improvements	13,093,819	125,892	-	13,219,711
Equipment, Furniture, and Fixtures	5,412,484	965,921	-	6,378,405
Total Depreciable Capital Assets	<u>20,991,782</u>	<u>1,156,564</u>	<u>-</u>	<u>22,148,346</u>
Total Capital Assets	22,637,735	1,515,349	-	24,153,084
Less Accumulated Depreciation	<u>(9,823,111)</u>	<u>(956,289)</u>	<u>-</u>	<u>(10,779,400)</u>
Capital Assets, Net	<u>\$ 12,814,624</u>	<u>\$ 559,060</u>	<u>\$ -</u>	<u>\$ 13,373,684</u>

Property and equipment for 17081 Devonshire LLC consisted of the following at June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets				
Land	\$ 5,575,000	\$ -	\$ -	\$ 5,575,000
Work in Progress	936,581	19,005,947	-	19,942,528
Total Non-Depreciable Capital Assets	<u>6,511,581</u>	<u>19,005,947</u>	<u>-</u>	<u>25,517,528</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	58,020,599	19,005,947	-	77,026,546
Less Accumulated Depreciation	<u>(3,588,133)</u>	<u>(1,056,301)</u>	<u>-</u>	<u>(4,644,434)</u>
Capital Assets, Net	<u>\$ 54,432,466</u>	<u>\$ 17,949,646</u>	<u>\$ -</u>	<u>\$ 72,382,112</u>

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Consolidated property and equipment consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 6,102,402	\$ -	\$ -	\$ 6,102,402
Work in Progress	2,055,132	19,364,732	-	21,419,864
Total Non-Depreciable Capital Assets	<u>8,157,534</u>	<u>19,364,732</u>	<u>-</u>	<u>27,522,266</u>
Depreciable Capital Assets				
Leasehold Improvements	2,485,479	64,751	-	2,550,230
Buildings and Improvements	64,581,269	125,892	-	64,707,161
Equipment, Furniture, and Fixtures	5,434,052	965,921	-	6,399,973
Total Depreciable Capital Assets	<u>72,500,800</u>	<u>1,156,564</u>	<u>-</u>	<u>73,657,364</u>
Total Capital Assets	80,658,334	20,521,296	-	101,179,630
Less Accumulated Depreciation	<u>(13,411,244)</u>	<u>(2,012,590)</u>	<u>-</u>	<u>(15,423,834)</u>
Capital Assets, Net	<u>\$ 67,247,090</u>	<u>\$ 18,508,706</u>	<u>\$ -</u>	<u>\$ 85,755,796</u>

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.

On August 1, 2024, GHC issued the series 2024A bonds through the California School Finance Authority (CSFA). In addition to the bonds being issued by the CSFA, GHC also received a grant of \$1,542,000 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
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Bonds payable consist of the following at June 30, 2025:

Principal amount	\$ 85,660,000
Net, unamortized premium and discounts	<u>9,795,354</u>
	<u><u>\$ 95,455,354</u></u>

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,195,000	\$ 4,107,525	\$ 5,302,525
2027	1,285,000	4,056,450	5,341,450
2028	1,335,000	4,002,200	5,337,200
2029	1,390,000	3,945,825	5,335,825
2030	1,450,000	3,887,125	5,337,125
2031-2035	8,305,000	18,371,250	26,676,250
2036-2040	10,470,000	16,185,275	26,655,275
2041-2045	13,210,000	13,422,375	26,632,375
2046-2050	15,830,000	9,948,025	25,778,025
2051-2055	19,310,000	6,141,500	25,451,500
2056-2060	5,220,000	2,343,250	7,563,250
2061-2065	6,660,000	865,000	7,525,000
	<u>\$ 85,660,000</u>	<u>\$ 87,275,800</u>	<u>\$ 172,935,800</u>

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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. In accordance with ASC 842 related party lease disclosures, the lease and activity from the lease is backed out during the audit process. 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	\$ 6,153
Interest on lease liabilities	<u>1,400</u>
Total operating lease cost	<u>7,553</u>
Short-term lease cost	<u>273,232</u>
Total lease expense	<u><u>\$ 280,785</u></u>

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

Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	<u>\$ 228,202</u>
Total	<u><u>\$ 228,202</u></u>
Weighted average remaining lease term:	
Operating leases	57 Months
Weighted average discount rate:	
Operating leases	4.46%

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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

Year Ended June 30,	Operating Leases
2026	\$ 53,400
2027	53,400
2028	53,400
2029	53,400
2030	29,204
Total future minimum lease payments	242,804
Less imputed interest	(25,448)
Net future minimum lease payments	\$ 217,356

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.

The School’s participation in these plans for the fiscal year ended June 30, 2025, 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, 2025, 2024 and 2023, 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.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Period to Period Comparability:

Granada Hills Charter increased in CalSTRS contributions from 2023 to 2024 by 71.66% followed by an increase in 2025 of 5.32%. Granada Hills Charter increased in CalPERS contributions from 2023 to 2024 by 13.46% followed by an increase in 2025 of 8.53%.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented
		2025	2024	2023	
CalSTRS	19746	Green	Green	Green	No
CalPERS	7340355290	Green	Yellow	Yellow	No

Pension Fund	Contributions			Number of Employees	Surcharge Imposed
	2025	2024	2023		
CalSTRS	\$ 6,760,801	\$ 6,419,329	\$ 3,739,570	302	No
CalPERS	2,751,522	2,535,183	2,234,472	180	No
Total	<u>\$ 9,512,323</u>	<u>\$ 8,954,512</u>	<u>\$ 5,974,042</u>	<u>482</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, 2025, 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, 2025 the State contributed \$2,923,178 (10.828% of certificated salaries) on behalf of the School.

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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 2024-25 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, 2025:

Restricted for other federal programs	
Child Nutrition program	\$ 3,437,708
Cares Act/ESSER program	335,974
Charter School Facility Incentive	919,898
Restricted for other state programs	
Educational Programs	1,506,494
Expanded Learning Opportunities	984,884
Mental Health Services	859,377
Career Technical Education Incentive Grant	758,858
Other State Programs	1,027,240
Restricted for ASB programs	
Associated Student Body Funds	1,163,805
Restricted for other local programs	
Other Local Restricted	<u>5,674,100</u>
Total net assets with donor restrictions	<u>\$ 16,668,338</u>

Net assets released from restriction during the year were:

Beginning restricted net assets	\$ 14,543,451
Restricted grants received	12,885,402
Net assets released from restriction:	
Restricted purpose satisfied	<u>(10,760,515)</u>
Ending restricted net assets	<u>\$ 16,668,338</u>

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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, 2025 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 2024-25 fiscal year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Granada Hills Charter	17081 Devonshire LLC	\$ 5,400,673	Rent and Interest

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

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 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
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 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
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
FASB Accounting Standards Update 2024-03 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Nov-24	2027-28
FASB Accounting Standards Update 2024-04 - <i>Debt with Conversion and Other Options</i>	Nov-24	2026-27
FASB Accounting Standards Update 2025-01 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Jan-25	2027-28
FASB Accounting Standards Update 2025-02 - <i>Liabilities Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122</i>	Mar-25	2025-26
FASB Accounting Standards Update 2025-03 - <i>Business Combinations and Consolidation</i>	May-25	2027-28
FASB Accounting Standards Update 2025-04 - <i>Stock Compensation and Revenue from Contracts with Customers</i>	May-25	2027-28
FASB Accounting Standards Update 2025-05 - <i>Measurement of Credit Losses for Accounts Receivable and Contract Assets</i>	Jul-25	2026-27
FASB Accounting Standards Update 2025-06 - <i>Intangibles - Goodwill and Other Internal Use Software</i>	Sep-25	2028-29

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

Granada Hills Charter
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

O. Subsequent Events

The School entered into a lease for 10646 Zelzah 208/210 beginning in July 2025. The lease is 60 months in length and the School is using the same interest rate as it's previous leases to impute the interest for present value purposes. The present value of the lease is \$126,175 and the future lease payment schedule is as follows:

<u>Year Ended June 30,</u>	<u>Operating Leases</u>
2026	\$ 28,200
2027	28,200
2028	28,200
2029	28,200
2030	<u>28,200</u>
Total future minimum lease payments	141,000
Less imputed interest	<u>(14,825)</u>
Net future minimum lease payments	<u><u>\$ 126,175</u></u>

Supplementary Information

Granada Hills Charter
Consolidating Statement of Financial Position
June 30, 2025

	Granada Hills Charter	17081 Devonshire LLC	Elimination	Total
Assets				
Cash and cash equivalents	\$ 37,740,862	\$ 1,526,683	\$ -	\$ 39,267,545
Operating investments	-	27,472,797	-	27,472,797
Accounts receivable	4,854,697	-	-	4,854,697
Lease receivable	-	90,261,994	(90,261,994)	-
Inventory	34,948	-	-	34,948
Prepaid expenses	2,300,736	-	-	2,300,736
Prepaid cost of issuance	-	1,890,152	-	1,890,152
Property and equipment, net	13,373,684	-	72,382,112	85,755,796
Right-of-use assets, operating leases				
Facilities and equipment	90,490,196	-	(90,261,994)	228,202
Accumulated amortization	(1,123,036)	-	1,112,137	(10,899)
Accrued rent	834,608	-	(834,608)	-
Total Assets	<u>\$ 148,506,695</u>	<u>\$ 121,151,626</u>	<u>\$ (107,864,347)</u>	<u>\$ 161,793,974</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable - vendors	\$ 1,257,712	\$ 201,799	\$ -	\$ 1,459,511
Accounts payable - grantor government	8,460,644	-	-	8,460,644
Accounts payable - student groups	438,049	-	-	438,049
Accrued expenses and payroll liabilities	3,419,983	-	-	3,419,983
Accrued vacation liability	551,227	-	-	551,227
Unearned revenue	256,769	-	-	256,769
Operating leases payable	89,367,213	-	(89,149,857)	217,356
Bonds and notes payable	-	98,907,866	-	98,907,866
Total Liabilities	<u>103,751,597</u>	<u>99,109,665</u>	<u>(89,149,857)</u>	<u>113,711,405</u>
Net Assets				
Without donor restrictions				
Undesignated	104,080,289	120,949,827	(18,714,490)	206,315,626
Invested in property and equipment, net of related debt	(75,993,529)	(98,907,866)	-	(174,901,395)
	<u>28,086,760</u>	<u>22,041,961</u>	<u>(18,714,490)</u>	<u>31,414,231</u>
With donor restrictions				
Restricted for other federal programs	4,693,580	-	-	4,693,580
Restricted for other state programs	5,136,853	-	-	5,136,853
Restricted for ASB programs	1,163,805	-	-	1,163,805
Restricted for other local programs	5,674,100	-	-	5,674,100
	<u>16,668,338</u>	<u>-</u>	<u>-</u>	<u>16,668,338</u>
Total Net Assets	<u>44,755,098</u>	<u>22,041,961</u>	<u>(18,714,490)</u>	<u>48,082,569</u>
Total Liabilities and Net Assets	<u>\$ 148,506,695</u>	<u>\$ 121,151,626</u>	<u>\$ (107,864,347)</u>	<u>\$ 161,793,974</u>

See Accompanying Notes to Supplementary Information

Granada Hills Charter
Consolidating Statement of Activities
Year Ended June 30, 2025

	Granada Hills Charter		17081 Devonshire LLC		Elimination		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	
Revenue, Support, and Gains							
Local Control Funding Formula (LCFF) sources							
State aid	\$ 27,091,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,091,420
Education protection account state aid	23,209,879	-	-	-	-	-	23,209,879
Transfers in lieu of property taxes	23,636,881	-	-	-	-	-	23,636,881
Total LCFF sources	<u>73,938,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,938,180</u>
Federal contracts and grants	-	5,338,178	-	-	-	-	5,338,178
State contracts and grants	9,484,198	7,547,224	-	-	-	-	17,031,422
Local contracts and grants	1,010,195	-	10	-	-	-	1,010,205
ASB income	680,955	-	-	-	-	-	680,955
Rental income	94,869	-	5,400,673	(5,400,673)	(5,400,673)	(5,400,673)	94,869
Gain on lease	-	-	17,879,882	(17,879,882)	(17,879,882)	(17,879,882)	-
Interest income and FMV adjustment	1,129,936	-	(1,027,154)	-	-	-	102,782
Net assets released from restriction - Grant restrictions satisfied	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, support, and gains	<u>86,338,333</u>	<u>12,885,402</u>	<u>22,253,411</u>	<u>(23,280,555)</u>	<u>(23,280,555)</u>	<u>(23,280,555)</u>	<u>98,196,591</u>
Expenses and Losses							
Program services expense	77,595,320	-	817,855	(4,566,065)	(4,566,065)	(4,566,065)	73,847,110
Supporting services expense	27,300,353	-	2,937,276	-	-	-	30,237,629
Total expenses and losses	<u>104,895,673</u>	<u>-</u>	<u>3,755,131</u>	<u>(4,566,065)</u>	<u>(4,566,065)</u>	<u>(4,566,065)</u>	<u>104,084,739</u>
Change in Net Assets	(18,557,340)	12,885,402	18,498,280	(18,714,490)	(18,714,490)	(18,714,490)	(5,888,148)
Net Assets, Beginning of Year	<u>35,883,585</u>	<u>14,543,451</u>	<u>3,543,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,970,717</u>
Net Assets, End of Year	<u>\$ 17,326,245</u>	<u>\$ 27,428,853</u>	<u>\$ 22,041,961</u>	<u>\$ (18,714,490)</u>	<u>\$ (18,714,490)</u>	<u>\$ (18,714,490)</u>	<u>\$ 48,082,569</u>

See Accompanying Notes to Supplementary Information

Granada Hills Charter
Consolidating Statement of Functional Expenses
Year Ended June 30, 2025

	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	\$ 41,682,198	\$ 8,104,087	\$ -	\$ -	\$ -	\$ 49,786,285
Pension expense	10,411,280	2,024,220	-	-	-	12,435,500
Other employee benefits	7,929,408	1,541,680	-	-	-	9,471,088
Payroll taxes	1,154,135	224,393	-	-	-	1,378,528
Fees for services:						
Legal	-	1,733,315	-	421,977	-	2,155,292
Professional consulting	360,793	9,844,276	61,554	-	-	10,266,623
Other fees	-	157,273	-	72,092	-	229,365
Advertising and promotion	-	182,942	-	-	-	182,942
Office expenses	37,594	-	-	-	-	37,594
Information technology	184,097	-	-	-	-	184,097
Occupancy	6,222,146	-	-	-	(4,566,065)	1,656,081
Travel	-	5,537	-	-	-	5,537
Conferences, conventions, and meetings	-	260,266	-	-	-	260,266
Debt service interest	-	-	-	2,443,207	-	2,443,207
Depreciation	956,289	-	1,056,301	-	-	2,012,590
Insurance	-	643,521	-	-	-	643,521
Other expenses:						
Books and supplies	5,010,377	-	(300,000)	-	-	4,710,377
Special education encroachment	2,293,220	-	-	-	-	2,293,220
Student transportation and events	1,353,783	-	-	-	-	1,353,783
Dues and memberships	-	2,578,843	-	-	-	2,578,843
Total expenses by function	\$ 77,595,320	\$ 27,300,353	\$ 817,855	\$ 2,937,276	\$ (4,566,065)	\$ 104,084,739

See Accompanying Notes to Supplementary Information

Additional Supplementary Information

Granada Hills Charter
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	57721E4C	N/A	4467D722	N/A
Classroom Based Attendance				
Grades TK/K-3	529.05	N/A	530.17	N/A
Grades 4-6	430.65	N/A	430.91	N/A
Grades 7-8	290.49	N/A	290.69	N/A
Grades 9-12	4,208.61	N/A	4,201.62	N/A
Total Classroom Based Attendance	5,458.80	N/A	5,453.39	N/A
Non-Classroom Based Attendance				
Grades 9-12	143.10	N/A	146.22	N/A
Total Non-Classroom Based Attendance	143.10	N/A	146.22	N/A
Total ADA	5,601.90	N/A	5,599.61	N/A

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

Granada Hills Charter
Schedule of Instructional Time
Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	53,580	0	53,580	180	0	180	Complied
Kindergarten	36,000	53,580	0	53,580	180	0	180	Complied
1st Grade	50,400	53,580	0	53,580	180	0	180	Complied
2nd Grade	50,400	53,580	0	53,580	180	0	180	Complied
3rd Grade	50,400	53,580	0	53,580	180	0	180	Complied
4th Grade	54,000	55,380	0	55,380	180	0	180	Complied
5th Grade	54,000	55,380	0	55,380	180	0	180	Complied
6th Grade	54,000	60,580	0	60,580	180	0	180	Complied
7th Grade	54,000	60,580	0	60,580	180	0	180	Complied
8th Grade	54,000	60,580	0	60,580	180	0	180	Complied
9th Grade	64,800	74,992	0	74,992	180	0	180	Complied
10th Grade	64,800	74,992	0	74,992	180	0	180	Complied
11th Grade	64,800	74,992	0	74,992	180	0	180	Complied
12th Grade	64,800	74,992	0	74,992	180	0	180	Complied

Granada Hills Charter did not submit a request for a J13A emergency waiver of instructional minutes or days.

See accompanying notes to supplementary information.

Granada Hills Charter
Schedule of Financial Trends & Analysis
Year Ended June 30, 2025

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	\$ 101,635,259	\$ 99,223,735	\$ 103,549,592	\$ 101,046,722
Expenses	<u>103,824,643</u>	<u>104,895,673</u>	<u>101,271,722</u>	<u>92,520,920</u>
Change in Net Assets	<u>(2,189,384)</u>	<u>(5,671,938)</u>	<u>2,277,870</u>	<u>8,525,802</u>
Ending Net Assets	<u>\$ 46,159,413</u>	<u>\$ 48,348,797</u>	<u>\$ 54,020,735</u>	<u>\$ 51,742,865</u>
Unrestricted Net Assets	<u>\$ 34,884,234</u>	<u>\$ 20,653,716</u>	<u>\$ 39,477,284</u>	<u>\$ 33,396,357</u>
Unrestricted net assets as a percentage of total expenses	<u>33.60%</u>	<u>19.69%</u>	<u>38.98%</u>	<u>36.10%</u>
Total Long Term Debt	<u>\$ 87,940,467</u>	<u>\$ 89,367,213</u>	<u>\$ 47,108,335</u>	<u>\$ 49,358,082</u>
ADA at P2	<u>5,733</u>	<u>5,602</u>	<u>5,694</u>	<u>5,539</u>

The School's ending net assets has decreased by \$3,394,068 (6.56%) over the past two fiscal years. The decrease is in large due to increased payroll costs combined with fluctuating enrollment and attendance rates since COVID-19. 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 63 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.

Granada Hills Charter
Reconciliation of Unaudited Financial Report with Audited Financial Statements
Year Ended June 30, 2025

June 30, 2025 annual financial alternative form net assets:	\$ 44,755,095
Adjustments and reclassifications:	
Rounding	<u>3</u>
Total adjustments and reclassifications	<u>3</u>
June 30, 2025 audited financial statements net assets:	<u><u>\$ 44,755,098</u></u>

See accompanying notes to supplementary information.

Granada Hills Charter
Notes to Supplementary Information
Year Ended June 30, 2025

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 2024-25 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, 2025

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 2025-26 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, 2025

<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>
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 1,442,206
Total Special Education (IDEA) Cluster			<u>-</u>	<u>1,442,206</u>
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education				
School Breakfast Program	10.553	13525	-	595,435
National School Lunch Program	10.555	13396	-	1,227,818
Noncash Commodities	10.555	13396	-	1,156
Total Child Nutrition Cluster			<u>-</u>	<u>1,824,409</u>
OTHER PROGRAMS				
<u>U.S. Department of Education</u>				
Child & Adult Care Food Program	10.558	13666	-	46,274
ESSA Title I Basic	84.010	14329	-	1,219,971
Carl D Perkins Career & Technical Ed - Secondary	84.048	14894	-	136,134
Workability II, Transition Partnership	84.126	10006	-	170,068
21st Century - ASSETS	84.287	14535	-	241,775
Title II - Supporting Effective Instruction	84.367	14341	-	257,341
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 5,338,178</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, 2025

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 11.03% 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, 2025**

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, 2025, 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

<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 2026
Thao Ly	Member	Two Year Term Expires December 2026
Sandra Bingham	Member	Two Year Term Expires December 2025
Maribel Ramirez	Member	Two Year Term Expires December 2026
Richard Nolan	Member	Two Year Term Expires December 2026
Luis Cervantes	Member	Two Year Term Expires December 2026

ADMINISTRATION

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, 2025, 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 15, 2025.

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 15, 2025

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, 2025. 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, 2025.

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 15, 2025

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 *2024-25 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, 2025.

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, 2025.

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 *2024-25 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:

	<u>Procedures Performed</u>
<u>School Districts, County Offices of Education, and Charter Schools</u>	
T. Proposition 28 Arts & Music in Schools.....	Yes
U. After/Before School Education and Safety Program.....	Yes
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.....	No
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
FZ. Kindergarten Continuance.....	Yes
<u>Charter Schools</u>	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom-Based Instruction/Independent Study.....	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction....	N/A
EE. Annual Instructional Minutes - Classroom Based.....	Yes
FF. Charter School Facility Grant Program.....	N/A

No – The School was not listed on the CDPH list of schools to test for immunizations.

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 15, 2025

Auditor's Results, Findings & Recommendations

Granada Hills Charter
 Schedule of Auditor's Results
 Year Ended June 30, 2025

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

One or more material weakness(es) identified? Yes X No

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

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

Compliance supplement utilized for single audit November 2025

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

Identification of major programs:

AL Number(s) Name of Federal Program or Cluster

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.287	21st Centruy ASSETS

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

Auditee qualified as low-risk auditee? X Yes No

Granada Hills Charter
Schedule of Auditor's Results, Continued
Year Ended June 30, 2025

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 *2024-25 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, 2025

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 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, 2025

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