



**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**A NONPROFIT PUBLIC BENEFIT CORPORATION  
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Collegiate Charter High of Los Angeles (Charter No. 1722)

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
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**JUNE 30, 2023**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Collegiate Charter High School of Los Angeles  
Los Angeles, California

**Report on the Financial Statements****Opinion**

We have audited the accompanying financial statements of Collegiate Charter High School of Los Angeles which comprise the statement of financial position as of June 30, 2023, 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 Collegiate Charter High School of Los Angeles as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Collegiate Charter High School of Los Angeles 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.

**Change in Accounting Principle**

As discussed in Note 1N to the financial statements, in 2022-23 Collegiate Charter High School of Los Angeles adopted new accounting guidance, ASU No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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 Collegiate Charter High School of Los Angeles's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of Collegiate Charter High School of Los Angeles's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Collegiate Charter High School of Los Angeles's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Collegiate Charter High School of Los Angeles's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 7, 2023

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

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**ASSETS**

Current assets

Cash and cash equivalents	\$ 1,643,962
Accounts receivable	441,971
Prepaid expenses	25,899
Total current assets	<u>2,111,832</u>

Noncurrent assets

Right-of-use asset	3,398
Capital assets, net	13,720
Total noncurrent assets	<u>17,118</u>
<b>Total Assets</b>	<b>\$ 2,128,950</b>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	\$ 607,770
Operating lease liability	3,398
Deferred revenue	604,425
Total liabilities	<u>1,215,593</u>

Net assets

Without donor restrictions	840,460
With donor restrictions	72,897
Total net assets	<u>913,357</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,128,950</b>

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

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 1,809,610	\$ -	\$ 1,809,610
Federal revenues	452,761	130,247	583,008
Other state revenues	455,267	54,264	509,531
Total federal and state support and revenues	<u>2,717,638</u>	<u>184,511</u>	<u>2,902,149</u>
Local support and revenues			
Payments in lieu of property taxes	512,091	-	512,091
Grants and donations	47,889	-	47,889
Other local revenues	26,320	-	26,320
Total local support and revenues	<u>586,300</u>	<u>-</u>	<u>586,300</u>
Donor restrictions satisfied	158,602	(158,602)	-
<b>Total Support and Revenues</b>	<u>3,462,540</u>	<u>25,909</u>	<u>3,488,449</u>
<b>EXPENSES</b>			
Program services	2,720,066	-	2,720,066
Management and general	917,453	-	917,453
<b>Total Expenses</b>	<u>3,637,519</u>	<u>-</u>	<u>3,637,519</u>
<b>CHANGE IN NET ASSETS</b>	(174,979)	25,909	(149,070)
<b>Net Assets - Beginning</b>	<u>1,062,427</u>	<u>-</u>	<u>1,062,427</u>
Prior period reclassification	(46,988)	46,988	-
<b>Net Assets - Beginning, as restated</b>	<u>1,015,439</u>	<u>46,988</u>	<u>1,062,427</u>
<b>Net Assets - Ending</b>	<u>\$ 840,460</u>	<u>\$ 72,897</u>	<u>\$ 913,357</u>

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

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 1,112,621	\$ -	\$ 1,112,621
Non-certificated salaries	352,049	424,357	776,406
Payroll taxes	134,297	38,910	173,207
Other employee benefits	116,860	33,858	150,718
Total personnel expenses	<u>1,715,827</u>	<u>497,125</u>	<u>2,212,952</u>
Non-personnel expenses			
Books and supplies	204,405	30,610	235,015
Insurance	-	36,544	36,544
Facilities	222,276	59,797	282,073
Professional services	517,068	254,519	771,587
Depreciation	6,223	-	6,223
Fees to authorizing agency	35,372	23,217	58,589
Other operating expenses	18,895	15,641	34,536
Total non-personnel expenses	<u>1,004,239</u>	<u>420,328</u>	<u>1,424,567</u>
<b>Total Expenses</b>	<u>\$ 2,720,066</u>	<u>\$ 917,453</u>	<u>\$ 3,637,519</u>

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



**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (149,070)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	6,223
(Increase) decrease in operating assets	
Accounts receivable	109,530
Prepaid expenses	11,074
Increase (decrease) in operating liabilities	
Accounts payable	145,461
Deferred revenue	336,391
<b>Net cash provided by (used in) operating activities</b>	<u>459,609</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(7,834)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(7,834)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	451,775
<b>Cash and cash equivalents - Beginning</b>	<u>1,192,187</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 1,643,962</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ -</u>

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

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Collegiate Charter High School of Los Angeles (the “Charter”) was formed as a nonprofit public benefit corporation on March 4, 2014 for the purpose of operating as a California public school located in Los Angeles County. The school operated by the Charter, Collegiate Charter High of Los Angeles, is numbered by the State Board of Education as California Charter No. 1722. The mission is: Collegiate Charter High of Los Angeles will prepare all students in grades 9 through 12 for success in four-year colleges, professional careers, leadership in their communities, and lives of opportunity.

Collegiate Charter High of Los Angeles is authorized to operate as a charter school through Los Angeles Unified School District (the “authorizing agency” or “LAUSD”). In 2019, the Board of Directors of the Los Angeles Unified School District approved a charter petition renewal for a five-year term beginning July 1, 2020 and expiring on June 30, 2025. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2028. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

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

**C. Financial Statement Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Collegiate Charter High School of Los Angeles reports information regarding its financial position and activities according to two classes of net assets:

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

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

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

**D. Estimates**

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

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

**E. Contributions**

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

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

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

**F. In Lieu of Property Tax Revenue**

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

**G. Functional Expenses**

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

**H. Cash and Investments**

Collegiate Charter High School of Los Angeles considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Charter’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**I. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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

**J. Capital Assets**

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

**K. Deferred Revenue**

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

**L. Income Taxes**

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

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

**M. Fair Value Measurements**

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

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

**N. Change in Accounting Principle**

**ASC 842 Leases**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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

**N. Change in Accounting Principle (continued)**

**ASC 842 Leases (continued)**

Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee’s right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

The Charter has determined the impact and has reflected the change from this accounting principle within its financial statements for the 2022-23 fiscal year. Refer to Note 6 for additional information regarding the operating lease and the related right-of-use asset and operating lease liability held by the Charter.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2023, consists of cash in banks of \$1,643,962 held in non-interest bearing accounts. As of June 30, 2023, \$1,405,212 of the Collegiate Charter High School of Los Angeles’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. Collegiate Charter High School of Los Angeles does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2023, consists of the following:

Local control funding sources, state aid	\$	98,473
Federal sources		229,005
Other state sources		85,775
In lieu property tax payments		28,718
<b>Total Accounts Receivable</b>	<b>\$</b>	<b>441,971</b>

**NOTE 4 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Computers and equipment	\$ 66,209	\$ 7,834	\$ -	\$ 74,043
Less accumulated depreciation	(54,100)	(6,223)	-	(60,323)
<b>Capital Assets, net</b>	<b>\$ 12,109</b>	<b>\$ 1,611</b>	<b>\$ -</b>	<b>\$ 13,720</b>

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2023, consists of the following:

Vendor payables	\$ 269,009
Salaries and benefits	148,948
Due to authorizing agency	126,159
Due to grantor government	63,654
<b>Total Accounts Payable</b>	<b>\$ 607,770</b>

**NOTE 6 – OPERATING LEASE**

The Charter holds a lease agreement for the use of copier equipment with a term end date of August 6, 2024. The lease has been determined to be an operating lease. At June 30, 2023, the right-of-use asset was \$3,398 and the operating lease liability was \$3,398. The Charter has accounted for its lease agreement using an implicit borrowing rate of 2.84%. The associated asset and liability are amortized over the term of the lease as follows:

Fiscal Year Ending June 30,	Operating Lease Liability	Right-of-Use Asset
2024	\$ 2,958	\$ 2,958
2025	493	493
Subtotal	3,451	3,451
NPV adjustment	(53)	(53)
<b>Total</b>	<b>\$ 3,398</b>	<b>\$ 3,398</b>

**NOTE 7 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2023, consists of the following:

Federal sources	\$ 44,588
State sources	559,837
<b>Total Deferred Revenue</b>	<b>\$ 604,425</b>

**NOTE 8 – NET ASSETS**

**Beginning Net Assets**

At July 1, 2022, it was determined that \$46,988 held in beginning net assets without donor restrictions should be classified as net assets with donor restrictions for a balance attributed to unspent restricted funding for the child nutrition program. This appears as a prior period reclassification to beginning net assets on the statement of activities.

**Net Assets with Donor Restrictions**

As of June 30, 2023, the Charter's net assets with donor restrictions consists of \$72,897 restricted for the child nutrition program.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 8 – NET ASSETS (continued)**

**Net Assets without Donor Restrictions**

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2023, the Charter’s net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 13,720
Undesignated	826,740
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 840,460</u></b>

As part of the charter petition held with LAUSD, the Charter acknowledges that a recommended cash reserve of five percent of expenditures should be maintained. For the year ended June 30, 2023, the minimum cash reserve amount is \$181,876, which has been met.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Charter’s financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Collegiate Charter High School of Los Angeles maintains a line of credit (as mentioned in Note 12) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial Assets	
Cash and cash equivalents	\$ 1,643,962
Accounts receivable	441,971
Prepaid expenses	25,899
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(72,897)
Cash held for conditional contributions	(604,425)
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 1,434,510</u></b>

**NOTE 10 – EMPLOYEE RETIREMENT PLAN**

The Charter sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that employees may voluntarily contribute to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Governing Board each plan year. During the year ended June 30, 2023, the Charter matched employee voluntary contributions up to three percent, resulting in contributions to the plan of \$10,840.

**NOTE 11 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Collegiate Charter High School of Los Angeles in an effort to advance the Charter’s programs and objectives. These services have not been recorded in the Charter’s financial statements because they do not meet the criteria required by generally accepted accounting principles. The Charter did not receive any donated items during the year ended June 30, 2023.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, Collegiate Charter High of Los Angeles is approved to operate as a public charter school through authorization by the Los Angeles Unified School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to June 30, 2027. Refer to Note 13 for an additional one-year extension.

The Charter makes payments to the authorizing agency to provide required services for special education in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$23,217 and total expenses for special education amounted to \$35,372 for the fiscal year ending June 30, 2023.

The Charter entered into a Single-Year Co-Location Use Agreement (Agreement) with LAUSD for the property located at 725 S. Indiana Street, Los Angeles, CA 90063. The single-year term of the Agreement expires June 30, 2023. Per the Agreement, LAUSD may not charge the Organization rent in exchange for its use of district-owned premises; however, LAUSD may charge the Charter an annual fee for use of the facilities consistent with Education Code Section 47614(b) (the “Pro Rata Share Charge”). Total annual Pro Rata Share charge for fiscal year ended June 30, 2023, was \$105,349 and an overallocation fee was assessed of \$155,907.

**Governmental Funds**

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

**Line of Credit**

Collegiate Charter High School of Los Angeles holds a line of credit with California Credit Union in the amount of \$200,000. The Charter had no outstanding balance under this line of credit as of June 30, 2023 nor has it drawn upon the line of credit during the year. The agreement calls for an initial rate of 8% and matures on December 1, 2023.

**NOTE 13 – SUBSEQUENT EVENTS**

Collegiate Charter High School of Los Angeles has evaluated subsequent events for the period from June 30, 2023 through December 7, 2023, the date the financial statements were available to be issued.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result, the charter petition end date is extended to June 30, 2028.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.



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## **SUPPLEMENTARY INFORMATION**

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**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES**  
**LEA ORGANIZATION STRUCTURE**  
**JUNE 30, 2023**

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This schedule provides information about the local education agency (LEA or charter school), including the Charter’s authorizing agency, grades served, members of the governing body, and members of the administration.

Collegiate Charter High School of Los Angeles, located in Los Angeles County, was formed as a nonprofit public benefit corporation on March 4, 2014. The charter school operated by the nonprofit, Collegiate Charter High of Los Angeles, is numbered by the State Board of Education as Charter No. 1722. The Charter is authorized to operate as a charter school by the Los Angeles Unified School District. Classes initially began in August 2015. During 2022-23, the Charter served approximately 162 students in grades 9 to 12.

**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Chris Copolillo	Chair	June 30, 2024
Judith Escobar	Vice Chair	June 30, 2024
Gary Fraser M.Ed	Secretary	June 30, 2023
Linda Sanchez	Treasurer	June 30, 2024
Jack Faherty	Member	June 30, 2024
Julie Jhum	Member	March 30, 2025
Brooke Rios	Member	June 30, 2025

**ADMINISTRATION**

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Ted Morris  
*Executive Director*

Evelyn Rodriguez  
*Director of School Operations*

See accompanying notes to supplementary information.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2023**

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

	<u>Second Period Report</u>	<u>Annual Report</u>
	<u>Classroom-Based</u>	
<b>Grade Span</b>		
Regular		
Ninth through twelfth	<u>145.40</u>	<u>146.15</u>
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>145.40</u>	<u>146.15</u>
	<u>Nonclassroom-Based</u>	
<b>Grade Span</b>		
Regular		
Ninth through twelfth	<u>1.27</u>	<u>1.21</u>
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>1.27</u>	<u>1.21</u>
 <b>Total Average Daily Attendance</b>	 <u>146.67</u>	 <u>147.36</u>

See accompanying notes to supplementary information.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2023**

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This schedule presents information on the amount of instructional time offered per grade level by Collegiate Charter High of Los Angeles and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

Grade Level	Minutes Requirement	2022-23 Instructional Minutes	2022-23 Number of Days	Status
Grade 9	64,800	67,053	181	Complied
Grade 10	64,800	67,053	181	Complied
Grade 11	64,800	67,053	181	Complied
Grade 12	64,800	67,053	181	Complied

See accompanying notes to supplementary information.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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This schedule provides the information, if necessary, to reconcile ending fund balance or net assets reported on the unaudited actuals to net assets on the audited financial statements.

There were no adjustments to reconcile net position for the Charter Schools Enterprise Fund reported on the Annual Financial and Budget Report (Unaudited Actuals) to net assets per the audited financial statements for the year ended June 30, 2023.

See accompanying notes to supplementary information.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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

To the Board of Directors of  
Collegiate Charter High School of Los Angeles  
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Collegiate Charter High School of Los Angeles (the "Charter") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 7, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
December 7, 2023



**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL  
OVER COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

To the Board of Directors of  
Collegiate Charter High School of Los Angeles  
Los Angeles, California

**Report on State Compliance****Opinion on State Compliance**

We have audited Collegiate Charter High School of Los Angeles's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Collegiate Charter High School of Los Angeles's state program requirements for the fiscal year ended June 30, 2023.

In our opinion, Collegiate Charter High School of Los Angeles complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

**Basis for Opinion on State Compliance**

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Collegiate Charter High School of Los Angeles and to meet certain 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 opinion on state compliance. Our audit does not provide a legal determination of Collegiate Charter High School of Los Angeles'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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Collegiate Charter High School of Los Angeles's state programs.

**Auditor's Responsibilities for the Audit for State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Collegiate Charter High School of Los Angeles's compliance based on our audit.

**Auditor’s Responsibilities for the Audit for State Compliance (continued)**

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 K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Collegiate Charter High School of Los Angeles's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 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 Collegiate Charter High School of Los Angeles's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Collegiate Charter High School of Los Angeles'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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Collegiate Charter High School of Los Angeles's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Collegiate Charter High School of Los Angeles’s compliance with the state laws and regulations to the following items:

<b>Description</b>	<b>Procedures Performed</b>
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	Not applicable
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Not applicable
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No*
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

*\*We did not perform testing of Nonclassroom-Based Instruction/Independent study because reported ADA was not material.*

“Not applicable” is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or material weaknesses in internal control over compliance that we identified during the audit.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the K-12 Audit Guide and which are described in the accompanying schedule of findings and questioned costs as Finding 2023-001. Our opinion on state compliance is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Collegiate Charter High School of Los Angeles's response to the noncompliance finding identified in our audit as described in the accompanying schedule of findings and questioned costs as the corrective action plan. Collegiate Charter High School of Los Angeles's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 State Compliance section 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. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
December 7, 2023

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Financial Statements**

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

**Federal Awards**

*The Charter did not expend more than \$750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.*

**State Awards**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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All audit year findings, if any, are assigned an appropriate finding code as follows:

<b>FIVE DIGIT CODE</b>	<b>AB 3627 FINDING TYPE</b>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
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

**PART I: FINANCIAL STATEMENT FINDINGS**

There were no audit findings related to the financial statements for the year ended June 30, 2023.

**PART II: STATE AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 2023-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNT (40000)**

**Criteria:** Students classified as English learners (EL) or free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**Condition:** One (1) student out of six (6) reviewed for audit was classified as FRPM; however, documentation determined that this student did not qualify for this status. The error was noted from a total FRPM population of thirty-eight (38) students. Based on an extrapolation of the error rate across the remaining impacted student population, a total error of 6 students has been determined for the unduplicated LCFF pupil count audit adjustment.

**Effect:** The Charter is not in compliance with applicable State requirements.

**Cause:** A clerical error in the review of household income documentation due to inaccurate or incomplete information.

**Questioned Cost:** A negative fiscal impact of \$3,538 has been determined based on the 2022-23 audit penalty calculator available from the California Department of Education (CDE).

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that charter school staff ensure supporting documentation for each students’ designation is thoroughly reviewed and data is timely reported or amended when submitting CALPADS data. We also recommend providing additional guidance to families for accurate use of household income forms.

**COLLEGIATE CHARTER HIGH SCHOOL OF LOS ANGELES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PART II: STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)**

**FINDING 2023-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNT (40000)**  
**(continued)**

**Corrective Action Plan:** The audit finding was a result of a staff error by an employee who mistakenly marked students as eligible for free meals based on the fact that we have a universal meal program rather than based on their family income eligibility. To ensure that mistake will not happen in the future, the School has taken the following steps:

1. Any staff involved in entering this information will be trained by the Director of School Operations (DSO), including annual review.
2. After information has been entered into the School's SIS, the Data and Compliance Coordinator will review for accuracy.
3. After data has been imported into CALPADS from the SIS, detailed reports are downloaded from CALPADS and reviewed by the DSO for accuracy.
4. If errors are encountered at any level of review, corrections are made and the review process begins again until data matches expectation.

**PART III: SUMMARY OF PRIOR AUDIT FINDINGS**

This section presents the status of actions taken by the Charter on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2022.