

NEW Academy Charter School

Financial Statements

June 30, 2020

N.E.W. Academy of Science and Art - #0521

N.E.W. Academy Canoga Park – #0592

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INDEPENDENT AUDITORS' REPORT

Board of Directors
NEW Academy Charter School
Los Angeles, California

We have audited the accompanying financial statements of NEW Academy Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEW Academy Charter School as of June 30, 2020, 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.

Other Matters

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 index to financial statements is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title II, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 January 29, 2021, on our consideration of New Academy Charter Schools' 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 New Academy Charter School'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 New Academy Charter School's internal control over financial reporting and compliance.

Baker Tilly US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Diego, CA
January 29, 2021

NEW Academy Charter School
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current assets:

Cash	\$ 3,888,439
Accounts receivable	1,706,520
Investments	3,521,353
Prepaid expenses and other current assets	<u>103,948</u>
Total current assets	9,220,260
Fixed assets, net	136,693
Deposits	<u>54,343</u>
Total assets	<u><u>\$ 9,411,296</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 183,078
Accrued expenses	<u>203,611</u>
Total current liabilities	<u>386,689</u>
Total liabilities	386,689

Net assets:

Net assets without donor restrictions - undesignated	9,004,607
Net assets with donor restrictions	<u>20,000</u>
Total net assets	<u>9,024,607</u>
Total liabilities and net assets	<u><u>\$ 9,411,296</u></u>

NEW Academy Charter School
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

	NASA		NACP	Total
	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	
REVENUES:				
Revenue limit sources:				
State aid	\$ 3,078,337	\$ -	\$ 3,187,152	\$ 6,265,489
Education protection account	340,647	-	358,310	698,957
In-lieu of property taxes	1,205,905	-	1,267,723	2,473,628
Federal revenues	635,848		662,091	1,297,939
State revenues	907,087	20,000	500,030	1,427,117
Local revenues:				
Interest and investment return (loss)	-	-	(32,036)	(32,036)
Fundraising	24,474	-	7,944	32,418
Other local revenue	17,598	-	9,811	27,409
Total revenue	<u>6,209,896</u>	<u>20,000</u>	<u>5,961,025</u>	<u>12,190,921</u>
EXPENSES:				
Program services:				
Education	4,498,179	-	4,841,473	9,339,652
Support services:				
Management and general	1,160,787	-	749,601	1,910,388
Fundraising	3,652	-	4,604	8,256
Total expenses	<u>5,662,618</u>	<u>-</u>	<u>5,595,678</u>	<u>11,258,296</u>
CHANGE IN NET ASSETS	547,278	20,000	365,347	932,625
NET ASSETS, BEGINNING OF YEAR	<u>1,773,659</u>	<u>-</u>	<u>6,318,323</u>	<u>8,091,982</u>
NET ASSETS, END OF YEAR	<u>\$ 2,320,937</u>	<u>\$ 20,000</u>	<u>\$ 6,683,670</u>	<u>\$ 9,024,607</u>

NEW Academy Charter School
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2020

	Program Services	Support Services Management and General	Fundraising	Total
	Education			
Salaries - Certificated	\$ 3,041,706	\$ 79,221	\$ -	\$ 3,120,927
Salaries - Classified	1,597,378	10,328	-	1,607,706
Employee Benefits	1,795,768	34,461	-	1,830,229
Books and Supplies	857,922	95,479	-	953,401
Travel and Conferences	28,415	-	-	28,415
Dues and Memberships	39,989	-	-	39,989
Operation and Housekeeping Services	285,322	504	-	285,826
Rental, Leases, and Repairs, and non-capitalized improvements	147,845	596,349	-	744,194
Depreciation	-	104,107	-	104,107
Communications	70,146	17,537	-	87,683
Professional/Consulting Services and Operating Expenditures	1,475,161	878,024	8,256	2,361,441
Direct Support/Indirect Cost Charges	-	94,378	-	94,378
Total expenses	<u>\$ 9,339,652</u>	<u>\$ 1,910,388</u>	<u>\$ 8,256</u>	<u>\$ 11,258,296</u>

NEW Academy Charter School
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 932,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	104,107
Unrealized loss on fair value of investments	86,911
(Increase) decrease in operating assets:	
Accounts receivable	(78,572)
Prepaid expenses and other current assets	3,050
Deposits	(12,349)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>28,718</u>
Net cash provided by operating activities	<u>1,064,490</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	<u>13,550</u>
Net cash provided by investing activities	13,550

NET INCREASE IN CASH 1,078,040

CASH, BEGINNING OF YEAR 2,810,399

CASH, END OF YEAR \$ 3,888,439

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. ORGANIZATION AND MISSION

NEW Academy Charter School (the “Organization”) operates two schools: NEW Academy of Science and Arts (“NASA”) and NEW Academy of Canoga Park (“NACP”). Both schools are included as the NEW Academy Charter School reporting entity.

Both charters were approved in 2003 by the Los Angeles Unified School District (the “District”), pursuant to the terms of the Charter Schools Act of 1992 as amended.

The District has granted NASA a charter through June 30, 2023, and NACP charter through June 30, 2023. The charters may be revoked by the District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The mission of the Organization is to support the whole child and develop lifelong learners prepared to meet the challenge of the future through strong family involvement, community learning, and developmentally based teaching.

The mission of the NEW Academy of Science and Arts is to create a child-centered environment where students are able to work cooperatively, become self-directed, think critically, develop self-esteem and self assurance and have respect for cultural diversity.

The Mission of New Academy Canoga Park is to create an exciting, standards-driven learning environment where students use their talents to contribute positively to the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, Not for Profit entities (“Topic 958”), *Presentation of Financial Statements of Not-for-Profit Entities*, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of June 30, 2020, the Organization has no assets that have been designated by the Board of Directors for operating reserves and future program development.

Net assets with donor restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restrictions expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2020, the Organization had \$20,000 in net assets with donor restrictions.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Method – Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applicable to not-for-profit organizations. The Organization 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.

Use of 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. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization’s returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Cash

Cash is from time to time variously composed of cash on deposit and cash equivalents, which are liquid investment with original maturities of three months or less. At June 30, 2020 the Organization had no cash equivalents.

Investments

The Organization presents its investments in accordance with the FASB Accounting Standards Codification (“ASC”) 958-320, *Not-For-Profit Entities - Investments Debt & Equity Securities*. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. The fair values of these investments are subject to change based on the fluctuations of market values. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures (“ASC 820”) establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the 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 and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan 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, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The Organization’s investments at June 30, 2020 consist of money market and fixed income securities with a fair value of \$1,014,839 and \$2,506,514, respectively. Fair value of investments was determined based on Level 1 inputs.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives from five to seven years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize all assets costing \$1,000 or more; all other assets are charged to expense in the year incurred.

Revenue Sources and Recognition

The Organization receives federal, 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.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Sources and Recognition (continued)

The Organization primarily receives the funds from California Department of Education (“CDE”). Revenue limit sources and state revenue received from the CDE are recognized by the Organization based on the average daily attendance (“ADA”) of students. The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees’ time incurred and management’s estimates of the usage of resources.

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (“Topic 842”). Topic 842 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the present value of payments to be made to lessor, on its statement of financial position for all leases greater than 12 months. In May 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) — *Effective Dates for Certain Entities*, which deferred the effective date of this new guidance for the Company by one year to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Although the full impact of this new guidance on the Organization’s financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 10).

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of this guidance by one year, which makes this guidance effective for the Organization for annual reporting periods beginning after December 15, 2019, which for the Organization is its fiscal year beginning July 1, 2020. The Organization has not yet completed its assessment of the potential impact of this guidance on its financial statements.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

3. CASH

Cash at June 30, 2020, consisted of the following:

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
Cash in bank	\$ 1,316,455	\$ 2,571,984	\$ 3,888,439
Total cash	<u>\$ 1,316,455</u>	<u>\$ 2,571,984</u>	<u>\$ 3,888,439</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2020, the Organization had \$3,590,564 in excess of FDIC insured limits.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, consisted of the following:

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
Revenue limit sources:			
State aid	\$ 472,338	\$ 439,259	\$ 911,597
In-lieu of property taxes	122,004	208,978	330,982
Education protection account	(167,467)	(176,806)	(344,273)
Federal revenues	146,804	58,677	205,481
State revenues	412,678	51,202	463,880
Local revenues:			
Donations	18,000	-	18,000
Miscellaneous	120,853	-	120,853
Total accounts receivable	<u>\$ 1,125,210</u>	<u>\$ 581,310</u>	<u>\$ 1,706,520</u>

5. FIXED ASSETS, NET

Fixed assets at June 30, 2020, consisted of the following:

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
Site improvements	\$ 79,255	\$ 62,145	\$ 141,400
Buildings	649,610	105,329	754,939
Equipment	42,487	432,942	475,429
Less: accumulated depreciation	(763,910)	(471,165)	(1,235,075)
Total fixed assets, net of depreciation	<u>\$ 7,442</u>	<u>\$ 129,251</u>	<u>\$ 136,693</u>

During the fiscal year June 30, 2020, a total of \$104,107 was charged to depreciation expense.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

6. ACCRUED EXPENSES

Accrued expenses at June 30, 2020, consisted of the following:

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
Payroll and payroll taxes	\$ 16,033	\$ 27,235	\$ 43,268
Retirement liability	55,499	-	55,499
District oversight	(167)	(488)	(655)
Other	74,847	30,652	105,499
Total accrued expenses	<u>\$ 146,212</u>	<u>\$ 57,399</u>	<u>\$ 203,611</u>

7. INVESTMENTS

Investments are recorded at fair value. Both unrealized gains and losses from the fluctuation of fair value and realized gains and losses from the sale of investments are reflected in the statement of activities.

The Organization's investment return for the year ended June 30, 2020 was as follows:

Unrealized Gains and Losses	\$	(86,911)
Interest and Dividends		83,585
Investment Fees		<u>(28,710)</u>
Total interest and investment return (loss)	<u>\$</u>	<u>(32,036)</u>

8. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System ("STRS") and classified employees are members of the California Public Employees' Retirement System ("CalPERS").

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available actuarial valuation report as of June 30, 2019, total plan net assets are \$240 billion, the total actuarial present value of projected plan benefits is \$392.2 billion, contributions from all employers totaled \$5.5 billion and the plan is 66.0% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 10.20% (10.205% for plan members classified under California Public Employees' Pension Reform Act of 2013) of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2019-2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2020 were \$508,487 and equal 100% of the required contributions for the fiscal year.

CalPERS

Plan Description

The Organization contributes to 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, within the Public Employees' Retirement Law.

According to the most recently available actuarial valuation report as of June 30, 2018, the School Employer Pool total plan assets are \$64.8 billion, the total actuarial present value of the total pension liability is \$92.1 billion, contributions from all employers totaled \$2.1 billion, and the plan is 70.4% funded. The Organization did not contribute more than 5% of the total contributions to the plan. Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Organization is required to contribute an actuarially determined rate. Effective January 1, 2013, any new participants in the plan will be required to contribute 7.0% of their salary. 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 2019-2020 was 19.72% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal year ending June 30, 2020, were \$307,938 and equal 100% of the required contribution for the year.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating with a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment with continue to be met, ensuring the sustainability of the Organization.

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
Cash	\$ 1,316,455	\$ 2,571,984	\$ 3,888,439
Accounts receivable	1,125,210	581,310	1,706,520
Investments	-	3,521,353	3,521,353
Total financial assets available within one year	<u>\$ 2,441,665</u>	<u>\$ 6,674,647</u>	<u>\$ 9,116,312</u>

10. OPERATING LEASES AND RELATED PARTY TRANSACTIONS

The Organization has various facility leases for the NASA school site with a related party, a non-voting board member, expiring between 2020 and 2024. Additionally, the organization has other equipment lease arrangements expiring in August of 2024.

Future minimum lease payments under such arrangements are as follows:

<u>Year ending June 30,</u>	<u>Related Party</u>	<u>Other</u>	<u>Total</u>
2021	\$ 373,598	\$ 68,062	\$ 441,660
2022	318,538	54,410	372,948
2023	318,538	29,245	347,783
2024	79,635	5,559	85,194
Total future lease payments	<u>\$ 1,090,309</u>	<u>\$ 157,276</u>	<u>\$ 1,247,585</u>

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2020, operating lease expense was \$535,359.

NEW Academy Charter School
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

11. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state 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, management believes that any required reimbursement will not be material.

12. RISKS RELATED TO COVID-19 PANDEMIC

On March 10, 2020, the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial effects will be to the Organization, the Organization believes it reasonably possible that they are vulnerable to the risk of a near term severe adverse impact, including, but not limited to declining student enrollment resulting in decreased state and federal aid, and decreased donations and contributions.

13. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through January 29, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

NEW Academy Charter School

ORGANIZATION

June 30, 2020

NEW Academy Charter School (the "Organization") operates two schools: NEW Academy of Canoga Park ("NACP") and NEW Academy of Science and Arts ("NASA"). Both schools are included as the NEW Academy Charter School reporting entity.

NASA's charter as approved in 2003 and NACP's was approved in 2005 by the Los Angeles Unified School District, pursuant to the terms of the Charter Schools Act of 1992 as amended. LAUSD renewed both charter petitions in 2018.

The District has granted NACP, a charter through June 30, 2023, and NASA a school charter through June 30, 2023. The charters may be revoked by the District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

NASA's Charter number is 521. NACP's Charter number is 592.

The Board of Directors and the Administrators as of the year ended June 30, 2020 were as follows:

Name	Office	Term	Term Expiration
Victor Gil	President	3 years	June 30, 2022
Martha Arias	Vice President	3 years	June 30, 2022
Brent Bradley	Treasurer	3 years	June 30, 2022
Patricia Didonato	Secretary	3 years	June 30, 2022
Lupe Simpson	Member	3 years	June 30, 2020
Bea Stotzer	Member	3 years	June 30, 2022
Maggie Cervantes	Non-Voting Advisory Member	3 years	June 30, 2022
Dr. Ron Solorzano	Non-Voting Advisory Member	3 years	June 30, 2022

Administration

Name	Position
Dr. Eric Todd	Principal - NASA
Mr. Eddie Castro	School Business Manager - NASA
Dr. Clara Guerrero	Principal - NACP
Mrs. Cristina Mayer	School Business Manager - NACP

NEW Academy Charter School
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2020

	NASA	
	Second Period Report Classroom Based	Annual Report Classroom Based
Kindergarten - Grade 3	285.96	285.96
Grades 4 - 6	126.62	126.62
Total Elementary	412.58	412.58

The Organization is 100% classroom-based and generates no ADA from a full-time independent study program.

	NACP	
	Second Period Report Classroom Based	Annual Report Classroom Based
Kindergarten - Grade 3	285.50	285.50
Grades 4 - 6	148.23	148.23
Total Elementary	433.73	433.73

The Organization is 100% classroom-based and generates no ADA from a full-time independent study program.

NEW Academy Charter School
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2020

NEW Academy of Science and Arts

Grade Level	Minutes Requirements	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	56,410	180	In compliance
Grade 1	50,400	56,410	180	In compliance
Grade 2	50,400	56,410	180	In compliance
Grade 3	50,400	56,410	180	In compliance
Grade 4	54,000	56,410	180	In compliance
Grade 5	54,000	56,410	180	In compliance

NEW Academy of Canoga Park

Grade Level	Minutes Requirements	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	54,215	180	In compliance
Grade 1	50,400	54,215	180	In compliance
Grade 2	50,400	56,915	180	In compliance
Grade 3	50,400	56,915	180	In compliance
Grade 4	54,000	56,915	180	In compliance
Grade 5	54,000	56,915	180	In compliance

NEW Academy Charter School
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT - - ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NEW Academy of Science and Arts

<hr/>	
June 30, 2020, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	\$ 2,333,233
Adjustments and reclassifications:	
Increasing (decreasing) the net assets:	
Accounts receivable	22,927
Accounts payable and accrued expenses	<u>(15,223)</u>
Net adjustments and reclassifications	<u>7,704</u>
June 30, 2020, audited financial statement net assets	<u><u>\$ 2,340,937</u></u>

NEW Academy of Canoga Park

<hr/>	
June 30, 2020, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	\$ 6,668,778
Adjustments and reclassifications:	
Increasing (decreasing) the net assets:	
Accounts receivable	27,044
Prepaid expenses and other current assets	(30,036)
Accounts payable and accrued expenses	<u>17,884</u>
Net adjustments and reclassifications	<u>14,892</u>
June 30, 2020, audited financial statement net assets	<u><u>\$ 6,683,670</u></u>

NEW Academy Charter School
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
NCLB: Title I, Part A, Basic Grants Low-Income and Neglected New Academy of Science and Art New Academy Canoga Park	84.010	14329	\$ 178,729 248,668 <hr/> 427,397
NCLB: Title II, Part A, Teacher Quality New Academy of Science and Art New Academy Canoga Park	84.367	14341	\$ 21,767 24,005 <hr/> 45,772
NCLB: Title III, Immigrant Education Program Student Program New Academy of Science and Art New Academy Canoga Park	84.365	15146	\$ 35,105 17,608 <hr/> 52,713
NCLB: Title IV Low-Income and Neglected New Academy of Science and Art New Academy Canoga Park	84.424	144-200268	\$ 13,333 15,737 <hr/> 29,070
Twenty-First Century Community Learning Centers New Academy of Science and Art	84.287	14349	\$ 80,369
Special Education IDEA Basic Local Assistance New Academy of Science and Art New Academy Canoga Park	84.027	13379	\$ 84,758 89,099 <hr/> 173,857
Coronavirus Relief Fund: Learning Loss Mitigation New Academy of Science and Art New Academy Canoga Park	84.425	15536	\$ 22,927 27,043 <hr/> 49,970
Total U.S. Department of Education			<hr/> \$ 859,148
U.S. Department of Agriculture			
Child Nutrition Cluster			
Child Nutrition Program New Academy of Science and Art New Academy Canoga Park Total Child Nutrition Cluster and Total U.S. Department of Agriculture	10.555	13755	\$ 239,931 198,860 <hr/> 438,791
TOTAL EXPENDITURES OF FEDERAL AWARDS			<hr/> \$ 1,297,939

NEW Academy Charter School
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of New Academy Charter School under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of New Academy Charter School, it is not intended to and does not present the statement of financial position, statement of activities, statement of functional expenses or statement of cash flows of New Academy Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures 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.

NOTE 3. INDIRECT COST RATE

New Academy Charter School has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NEW Academy Charter School
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 1,316,455	\$ 2,571,984	\$ 3,888,439
Accounts receivable	1,125,210	581,310	1,706,520
Investments	-	3,521,353	3,521,353
Prepaid expenses and other current assets	73,160	30,788	103,948
Total current assets	<u>2,514,825</u>	<u>6,705,435</u>	<u>9,220,260</u>
Fixed assets, net	7,442	129,251	136,693
Deposits	53,584	759	54,343
Total assets	<u>\$ 2,575,851</u>	<u>\$ 6,835,445</u>	<u>\$ 9,411,296</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 88,702	\$ 94,376	\$ 183,078
Accrued expenses	146,212	57,399	203,611
Total current liabilities	<u>234,914</u>	<u>151,775</u>	<u>386,689</u>
Total liabilities	234,914	151,775	386,689
Net assets:			
Net assets without donor restrictions - undesignated	2,320,937	6,683,670	9,004,607
Net assets with donor restrictions	20,000	-	20,000
Total net assets	<u>2,340,937</u>	<u>6,683,670</u>	<u>9,024,607</u>
Total liabilities and net assets	<u>\$ 2,575,851</u>	<u>\$ 6,835,445</u>	<u>\$ 9,411,296</u>

NEW Academy Charter School
COMBINING SCHEDULE OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

	<u>NASA</u>		<u>NACP</u>	<u>Total</u>
	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Net assets without donor restrictions</u>	
REVENUES:				
Revenue limit sources:				
State aid	\$ 3,078,337	\$ -	\$ 3,187,152	\$ 6,265,489
Education protection account	340,647	-	358,310	698,957
In-lieu of property taxes	1,205,905	-	1,267,723	2,473,628
Federal revenues	635,848		662,091	1,297,939
State revenues	907,087	20,000	500,030	1,427,117
Local revenues:				
Interest and investment return (loss)	-	-	(32,036)	(32,036)
Fundraising	24,474	-	7,944	32,418
Other local revenue	17,598	-	9,811	27,409
Total revenue	<u>6,209,896</u>	<u>20,000</u>	<u>5,961,025</u>	<u>12,190,921</u>
EXPENSES:				
Program services:				
Education	4,498,179	-	4,841,473	9,339,652
Support services:				
Management and general	1,160,787	-	749,601	1,910,388
Fundraising	3,652	-	4,604	8,256
Total expenses	<u>5,662,618</u>	<u>-</u>	<u>5,595,678</u>	<u>11,258,296</u>
CHANGE IN NET ASSETS	547,278	20,000	365,347	932,625
NET ASSETS, BEGINNING OF YEAR	<u>1,773,659</u>	<u>-</u>	<u>6,318,323</u>	<u>8,091,982</u>
NET ASSETS, END OF YEAR	<u>\$ 2,320,937</u>	<u>\$ 20,000</u>	<u>\$ 6,683,670</u>	<u>\$ 9,024,607</u>

NEW Academy Charter School
STATEMENTS OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2020

NASA

	Program Services	Support Services Management and General	Fundraising	Total
	Education			
Salaries - Certificated	\$ 1,367,370	\$ 41,334	\$ -	\$ 1,408,704
Salaries - Classified	840,935	-	-	840,935
Employee Benefits	821,783	15,314	-	837,097
Books and Supplies	396,283	44,702	-	440,985
Travel and Conferences	22,334	-	-	22,334
Dues and Memberships	22,144	-	-	22,144
Operation and Housekeeping Services	60,086	504	-	60,590
Rental, Leases, and Repairs, and non-capitalized improvements	130,122	566,826	-	696,948
Depreciation	-	49,956	-	49,956
Communications	28,046	7,012	-	35,058
Professional/Consulting Services and Operating Expenditures	809,076	388,892	3,652	1,201,620
Direct Support/Indirect Cost Charges	-	46,247	-	46,247
Total expenses	<u>\$ 4,498,179</u>	<u>\$ 1,160,787</u>	<u>\$ 3,652</u>	<u>\$ 5,662,618</u>

NACP

	Program Services	Support Services Management and General	Fundraising	Total
	Education			
Salaries - Certificated	\$ 1,674,336	\$ 37,887	\$ -	\$ 1,712,223
Salaries - Classified	756,443	10,328	-	766,771
Employee Benefits	973,985	19,147	-	993,132
Books and Supplies	461,639	50,777	-	512,416
Travel and Conferences	6,081	-	-	6,081
Dues and Memberships	17,845	-	-	17,845
Operation and Housekeeping Services	225,236	-	-	225,236
Rental, Leases, Repairs and non-capitalized improvements	17,723	29,523	-	47,246
Depreciation	-	54,151	-	54,151
Communications	42,100	10,525	-	52,625
Professional/Consulting Services and Operating Expenditures	666,085	489,132	4,604	1,159,821
Direct Support/Indirect Cost Charges	-	48,131	-	48,131
Total expenses	<u>\$ 4,841,473</u>	<u>\$ 749,601</u>	<u>\$ 4,604</u>	<u>\$ 5,595,678</u>

NEW Academy Charter School
COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

	<u>NASA</u>	<u>NACP</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 567,278	\$ 365,347	\$ 932,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	49,956	54,151	104,107
Unrealized loss on fair value of investments	-	86,911	86,911
(Increase) decrease in operating assets:			
Accounts receivable	(230,747)	152,175	(78,572)
Intercompany	(24,202)	24,202	-
Prepaid expenses and other current assets	(14,938)	17,988	3,050
Deposits	(12,349)	-	(12,349)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	<u>121,006</u>	<u>(92,288)</u>	<u>28,718</u>
Net cash provided by operating activities	<u>456,004</u>	<u>608,486</u>	<u>1,064,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	<u>-</u>	<u>13,550</u>	<u>13,550</u>
Net cash provided by investing activities	<u>-</u>	<u>13,550</u>	<u>13,550</u>
NET INCREASE IN CASH	456,004	622,036	1,078,040
CASH, BEGINNING OF YEAR	<u>860,451</u>	<u>1,949,948</u>	<u>2,810,399</u>
CASH, END OF YEAR	<u>\$ 1,316,455</u>	<u>\$ 2,571,984</u>	<u>\$ 3,888,439</u>

**INDEPENDENT AUDITORS' 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**

Board of Directors
NEW Academy Charter School
Los Angeles, California

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 NEW Academy Charter School (the Organization), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Baker Tilly US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Diego, California
January 29, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE OMB UNIFORM GUIDANCE**

Board of Directors
NEW Academy Charter School
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of NEW Academy Charter School (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

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.

Baker Tilly US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Diego, California
January 29, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
NEW Academy Charter School
Los Angeles, California

We have audited NEW Academy Charter School's (the Organization) compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, , that could have a direct and material effect on each New Academy Charter School's state programs for the year ended June 30, 2020. The Organization's state compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State's Audit Guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of NEW Academy Charter School's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
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 Attendance	Not Applicable
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

The term “Not Applicable” is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Compliance

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2020.

Other Matters

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP



San Diego, California
January 29, 2021

FINDINGS AND RECOMMENDATIONS

NEW Academy Charter School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) of OMB Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Program

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

Auditee qualified as low-risk auditee? X Yes No

NEW Academy Charter School
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

A. Summary of Auditor's Results (Continued)

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes None reported

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

None

NEW Academy Charter School
SUMMARY SCHEDULE OF PRIOR FINDINGS
June 30, 2020

<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
None	N/A	N/A