

# **NEW ACADEMY**

## **AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2024**

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

N.E.W. Academy of Science and Arts (Charter No. 0521)  
N.E.W. Academy Canoga Park (Charter No. 0592)



**FINANCIAL SECTION**

Independent Auditors' Report ..... 1  
Financial Statements  
    Statement of Financial Position ..... 4  
    Statement of Activities ..... 5  
    Statement of Functional Expenses ..... 6  
    Statement of Cash Flows ..... 7  
Notes to Financial Statements ..... 8

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards ..... 17  
Statement of Financial Position by Charter ..... 18  
Statement of Activities by Charter ..... 19  
Schedule of Average Daily Attendance ..... 20  
Schedule of Instructional Time ..... 21  
Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Financial Statements ..... 22

**OTHER INFORMATION**

Local Education Agency Organization Structure ..... 23

**OTHER INDEPENDENT AUDITORS' REPORTS**

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* ..... 24  
Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance  
    Required by the Uniform Guidance ..... 26  
Report on State Compliance and on Internal Control over Compliance for State Programs ..... 28

**FINDINGS AND QUESTIONED COSTS SECTION**

Schedule of Findings and Questioned Costs ..... 31

---

## **FINANCIAL SECTION**

---

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
NEW Academy  
Los Angeles, California

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

We have audited the accompanying financial statements of NEW Academy which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 NEW Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 NEW Academy'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.

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

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 NEW Academy'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 NEW Academy'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, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 Information**

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of NEW Academy'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 NEW Academy'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's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 16, 2024

**NEW ACADEMY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

---

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 13,787,295
Investments	3,181,299
Accounts receivable	3,501,362
Prepaid expenses	128,565
Total current assets	<u>20,598,521</u>

Noncurrent assets	
Deposits	53,584
Right-of-use asset - operating	3,282,601
Right-of-use asset - finance	108,421
Capital assets, net	276,872
Total noncurrent assets	<u>3,721,478</u>
<b>Total Assets</b>	<b><u>\$ 24,319,999</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 1,315,363
Operating lease liability	3,295,149
Finance lease liability	111,651
Deferred revenue	3,056,283
Total liabilities	<u>7,778,446</u>

Net assets	
Without donor restrictions	16,409,752
With donor restrictions	131,801
Total net assets	<u>16,541,553</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 24,319,999</u></b>

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

**NEW ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

---

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 8,784,809	\$ -	\$ 8,784,809
Federal revenues	2,738,445	-	2,738,445
Other state revenues	4,690,569	69,474	4,760,043
Total federal and state support and revenues	<u>16,213,823</u>	<u>69,474</u>	<u>16,283,297</u>
Local support and revenues			
Payments in lieu of property taxes	2,989,008	-	2,989,008
Investment income, net	152,214	-	152,214
Other local revenues	176,925	-	176,925
Total local support and revenues	<u>3,318,147</u>	<u>-</u>	<u>3,318,147</u>
<b>Total Support and Revenues</b>	<u>19,531,970</u>	<u>69,474</u>	<u>19,601,444</u>
<b>EXPENSES</b>			
Program services	15,563,736	-	15,563,736
Supporting services			
Management and general	2,652,599	-	2,652,599
Fundraising	36,536	-	36,536
<b>Total Expenses</b>	<u>18,252,871</u>	<u>-</u>	<u>18,252,871</u>
<b>CHANGE IN NET ASSETS</b>	1,279,099	69,474	1,348,573
<b>Net Assets - Beginning</b>	<u>15,130,653</u>	<u>62,327</u>	<u>15,192,980</u>
<b>Net Assets - Ending</b>	<u>\$ 16,409,752</u>	<u>\$ 131,801</u>	<u>\$ 16,541,553</u>

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



**NEW ACADEMY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<b>EXPENSES</b>				
Personnel expenses				
Certificated salaries	\$ 4,137,207	\$ 133,682	\$ -	\$ 4,270,889
Non-certificated salaries	3,299,904	-	-	3,299,904
Pension plan contributions	1,894,778	61,490	-	1,956,268
Payroll taxes	338,440	7,747	-	346,187
Other employee benefits	886,229	37,764	-	923,993
Total personnel expenses	10,556,558	240,683	-	10,797,241
Non-personnel expenses				
Books and supplies	1,557,395	117,798	-	1,675,193
Insurance	-	119,708	-	119,708
Facilities	892,139	330,160	-	1,222,299
Professional services	1,718,396	1,649,141	36,536	3,404,073
Interest expense	-	4,069	-	4,069
Depreciation and amortization	68,406	22,802	-	91,208
Fees to authorizing agency	180,514	117,736	-	298,250
Other operating expenses	590,328	50,502	-	640,830
Total non-personnel expenses	5,007,178	2,411,916	36,536	7,455,630
<b>Total Expenses</b>	<b>\$ 15,563,736</b>	<b>\$ 2,652,599</b>	<b>\$ 36,536</b>	<b>\$ 18,252,871</b>

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

**NEW ACADEMY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 1,348,573
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	46,141
Lease expense - amortization of operating right-of-use asset	(8,706)
Interest expense - amortization of finance right-of-use asset	958
Unrealized (gain)/loss	(27,348)
(Increase) decrease in operating assets	
Accounts receivable	(224,285)
Prepaid expenses	34,180
Increase (decrease) in operating liabilities	
Accounts payable	(1,076,911)
Deferred revenue	206,354
<b>Net cash provided by (used in) operating activities</b>	<u>298,956</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Reinvestment of interest earnings	(13,701)
Purchase of capital assets	(38,708)
<b>Net cash provided by (used in) investing activities</b>	<u>(52,409)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	246,547
<b>Cash and cash equivalents - Beginning</b>	<u>13,540,748</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 13,787,295</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 4,069</u>

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

**NEW ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

---

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

NEW Academy (the “Organization”) was formed as a nonprofit public benefit corporation on August 14, 2003, for the purpose to organize and operate public charter schools. The Organization operates two charter schools in Los Angeles County: N.E.W. Academy Canoga Park and N.E.W. Academy of Science and Arts. N.E.W. Academy Canoga Park is numbered by the State Board of Education as California Charter No. 0592. N.E.W. Academy of Science and Arts is numbered by the State Board of Education as California Charter No. 0521. During the year ended June 30, 2024, the NEW Academy charter schools served grades TK to 5.

N.E.W. Academy Canoga Park and N.E.W. Academy of Science and Arts are authorized to operate as charter schools through the Los Angeles Unified School District (the “authorizing agency”). In 2018, the Board of Directors of Los Angeles Unified School approved charter renewal petitions for each charter school for a five-year term beginning July 1, 2018, and expiring on June 30, 2023. As a result of AB 130 and SB 114, the charter petition end dates are extended to June 30, 2026. 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 Organization’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 dated August 2016. NEW Academy 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.

Due to operation of public charter schools, the Organization 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 only used to the extent that internal accounting for multiple charter school or other program operations is necessary and is not used for external 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 NEW Academy. Revenues are recognized by the Organization 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 Cash Equivalents**

NEW Academy considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**I. Investments**

The Organization’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.

**J. 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.

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

**J. Receivables and Allowances (continued)**

Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**K. Capital Assets**

NEW Academy 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.

**L. 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.

**M. Income Taxes**

NEW Academy 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 Organization is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a financial institution, the Organization is not required to register with the California Attorney General as a charity.

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

**N. 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.

**NEW ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2024**

---

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

**O. Lease Arrangements**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. 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 or finance 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.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2024, consists of cash in banks of \$13,787,295 in non-interest bearing accounts.

**Cash in Banks**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. NEW Academy does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2024, \$13,694,500 of the NEW Academy’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

**NOTE 3 – INVESTMENTS**

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Organization’s investments as of June 30, 2024. Investments as of June 30, 2024 are presented on the statement of financial position at the market value noted below.

	Market Value	Fair Value Classification			At Cost
		Level 1	Level 2	Level 3	
Bank deposits	\$ 12,904	\$ -	\$ -	\$ -	\$ 12,904
Fixed income securities	807,236	807,236	-	-	800,080
U.S. Treasury bills	2,361,159	2,361,159	-	-	2,333,308
<b>Total Investments</b>	<b>\$ 3,181,299</b>	<b>\$ 3,168,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,146,292</b>

Additionally, investment return for the year ended June 30, 2024, was as follows:

Interest and dividends	129,649
Unrealized gain/(loss)	27,348
Investment fees	(4,783)
<b>Net Investment Income</b>	<b>\$ 152,214</b>

**NEW ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2024**

---

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2024, consists of the following:

Local control funding sources, state aid	\$ 1,775,006
Federal sources	542,131
Other state sources	1,083,778
In lieu property tax payments	20,128
Other local sources	80,319
<b>Total Accounts Receivable</b>	<b><u>\$ 3,501,362</u></b>

**NOTE 5 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2024 consists of the following:

	Balance July 1, 2023	Additions	Transfer	Balance June 30, 2024
Property and equipment				
Site improvements	\$ 141,400	\$ -	\$ -	\$ 141,400
Buildings	866,064	53,595	-	919,659
Equipment	594,942	29,658	-	624,600
Construction in progress	44,545	-	44,545	-
Total property and equipment	<u>1,646,951</u>	<u>83,253</u>	<u>44,545</u>	<u>1,685,659</u>
Less accumulated depreciation	<u>(1,362,646)</u>	<u>(46,141)</u>	<u>-</u>	<u>(1,408,787)</u>
<b>Capital Assets, net</b>	<b><u>\$ 284,305</u></b>	<b><u>\$ 37,112</u></b>	<b><u>\$ 44,545</u></b>	<b><u>\$ 276,872</u></b>

**NOTE 6 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2024, consists of the following:

Due to grantor government	\$ 678,116
Vendor payables	407,918
Salaries and benefits	205,324
Due to authorizing agency	24,005
<b>Total Accounts Payable</b>	<b><u>\$ 1,315,363</u></b>

**NOTE 7 – OPERATING AND FINANCE LEASES**

The Organization holds four (4) facilities lease agreements to occupy space located throughout Los Angeles, California. The facilities are utilized for instructional services in order to meet the goals established by the Organization's charter schools. The lease agreements cover a terms ending August 31, 2025 for one agreement and August 31, 2029 for the remaining three agreements. There is also one (1) copier lease held that is deemed an operating lease. During the fiscal year ended June 30, 2024, the Organization paid \$648,792 in lease payments under the operating leases. At June 30, 2024, the right-of-use asset was \$3,282,601 and the operating lease liability was \$3,295,149.

**NEW ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2024**

---

**NOTE 7 – OPERATING AND FINANCE LEASES (continued)**

The Organization also holds five (5) copier leases that have been deemed finance leases. During the fiscal year ended June 30, 2024, the Organization paid \$48,178 in lease payments under the finance leases. At June 30, 2024, the right-of-use asset was \$108,421 and the finance lease liability was \$111,651.

The Organization has accounted for its lease agreements using a discount rate of 3.26%. The associated assets and liabilities are amortized over the remaining term of the leases as follows:

Fiscal Year Ending June 30,	Operating Lease Liability	Right-of-Use Asset	Finance Lease Liability	Right-of-Use Asset
2025	\$ 624,739	\$ 622,310	\$ 44,208	\$ 41,239
2026	624,739	622,310	43,414	40,473
2027	624,739	622,310	28,664	26,709
2028	624,739	622,310	-	-
2029	624,739	622,310	-	-
Thereafter	535,331	534,928	-	-
Total lease payments	3,659,026	3,646,478	116,286	108,421
NPV adjustment	(363,877)	(363,877)	(4,635)	-
<b>Total Operating Lease Liability</b>	<b>\$ 3,295,149</b>	<b>\$ 3,282,601</b>	<b>\$ 111,651</b>	<b>\$ 108,421</b>

**NOTE 8 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2024, consists of conditional contributions of \$3,056,283 from state funding sources.

**NOTE 9 – NET ASSETS**

**Net Assets with Donor Restrictions**

As of June 30, 2024, the Organization’s net assets with donor restrictions consists of \$131,801 restricted for the child nutrition program.

**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 Organization. At June 30, 2024, the Organization’s net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 276,872
Undesignated	15,075,533
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 15,352,405</u></b>



**NEW ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2024**

---

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets as of June 30, 2024, 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.

Financial Assets	
Cash and cash equivalents	\$ 13,787,295
Investments, at cost	3,146,292
Accounts receivable	3,501,362
Prepaid expenses	<u>128,565</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(131,801)
Cash held for conditional contributions	<u>(3,056,283)</u>
<b>Financial Assets available to meet cash needs</b>	
<b>for expenditures within one year</b>	<b><u>\$ 17,375,430</u></b>

**NOTE 11 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Organization has made such election for its charter schools. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees’ Retirement System (CalPERS).

**California State Teachers’ Retirement System (CalSTRS)**

**Plan Description**

NEW Academy contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2023-24 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2023-24 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalSTRS for fiscal year ended June 30, 2024 was \$779,388; 100% of the required contribution.

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for NEW Academy’s charter schools is estimated at \$333,602. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

**NEW ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2024**

---

**NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)**

**California Public Employees’ Retirement System (CalPERS)**

**Plan Description**

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

**Funding Policy**

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

NEW Academy is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2023-24 was 26.68% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalPERS for fiscal year ended June 30, 2024 was \$843,278; 100% of the required contribution.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, N.E.W. Academy Canoga Park and N.E.W. Academy Science and Arts are approved to operate as public charter schools through authorization by the Los Angeles Unified School District. As such, the charter schools are 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 (EC) 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 dates were extended to June 30, 2025. Additionally, on July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended 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 dates are extended to June 30, 2026.

The Organization 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 \$117,736 and total expenses for special education amounted to \$180,514 for the fiscal year ending June 30, 2024.

**NEW ACADEMY  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2024**

---

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)**

**Governmental Funds**

NEW Academy 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.

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is approximately \$4,352,791 as of June 30, 2023. Also as of June 30, 2023, CalPERS has estimated the Organization's share of withdrawal liability to be \$4,814,685. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 11 for additional information on employee retirement plans.

**Pending or Threatened Litigation**

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization as of June 30, 2024.

**NOTE 13 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to NEW Academy in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles. The Organization did not receive any donated items during the year ended June 30, 2024.

**NOTE 14 – SUBSEQUENT EVENTS**

NEW Academy has evaluated subsequent events for the period from June 30, 2024 through December 16, 2024, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

---

## **SUPPLEMENTARY INFORMATION**

---

**NEW ACADEMY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. 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 Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Organization has not elected to use the 10 percent de minimis indirect cost rate.

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 341,864
Title II, Part A, Administrator Training	84.367	14344	37,830
Title III, English Learner Student Program	84.365	14346	69,965
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	28,419
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	135,884
<i>COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:</i>			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	915,238
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	310,284
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	4,143
Subtotal Education Stabilization Fund Discretionary Grants			1,229,665
<i>Passed through Los Angeles Unified School District:</i>			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	199,744
<b>Total U. S. Department of Education</b>			2,043,371
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	210,606
National School Lunch Program	10.555	13391	478,943
Meal Supplements	10.555	*	5,525
Subtotal Child Nutrition Cluster			695,074
<b>Total U. S. Department of Agriculture</b>			695,074
<b>Total Federal Expenditures</b>			\$ 2,738,445

\* - Pass-Through Entity Identifying Number not available or not applicable

**NEW ACADEMY**  
**STATEMENT OF FINANCIAL POSITION BY CHARTER**  
**JUNE 30, 2024**

	Charter No.	N.E.W. Academy		Eliminations	Total
		Canoga Park 0592	of Science and Arts 0521		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents		\$ 6,867,903	\$ 6,919,392	\$ -	\$ 13,787,295
Investments		3,181,299	-	-	3,181,299
Accounts receivable		1,500,885	2,000,477	-	3,501,362
Interagency receivables		102,547	-	(102,547)	-
Prepaid expenses		38,456	90,109	-	128,565
Total current assets		<u>11,691,090</u>	<u>9,009,978</u>	<u>(102,547)</u>	<u>20,598,521</u>
Noncurrent assets					
Deposits		-	53,584	-	53,584
Right-of-use asset - operating		-	3,282,601	-	3,282,601
Right-of-use asset - finance		96,271	12,150	-	108,421
Capital assets, net		100,654	176,218	-	276,872
Total noncurrent assets		<u>196,925</u>	<u>3,524,553</u>	<u>-</u>	<u>3,721,478</u>
<b>Total Assets</b>		<u>\$ 11,888,015</u>	<u>\$ 12,534,531</u>	<u>\$ (102,547)</u>	<u>\$ 24,319,999</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities					
Accounts payable		\$ 714,556	\$ 600,807	\$ -	\$ 1,315,363
Interagency payable		-	102,547	(102,547)	-
Operating lease liability		-	3,295,149	-	3,295,149
Finance lease liability		99,105	12,546	-	111,651
Deferred revenue		1,479,552	1,576,731	-	3,056,283
Total liabilities		<u>2,293,213</u>	<u>5,587,780</u>	<u>(102,547)</u>	<u>7,778,446</u>
Net assets					
Without donor restrictions		9,463,001	6,946,751	-	16,409,752
With donor restrictions		131,801	-	-	131,801
Total net assets		<u>9,594,802</u>	<u>6,946,751</u>	<u>-</u>	<u>16,541,553</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 11,888,015</u>	<u>\$ 12,534,531</u>	<u>\$ (102,547)</u>	<u>\$ 24,319,999</u>

**NEW ACADEMY  
STATEMENT OF ACTIVITIES BY CHARTER  
FOR THE YEAR ENDED JUNE 30, 2024**

	Charter No.	N.E.W. Academy		Total
		Canoga Park 0592	of Science and Arts 0521	
<b>WITHOUT DONOR RESTRICTIONS</b>				
<b>SUPPORT AND REVENUES</b>				
Federal and state support and revenues				
Local control funding formula, state aid		4,392,259	\$ 4,392,550	\$ 8,784,809
Federal revenues		1,469,545	1,268,900	2,738,445
Other state revenues		1,979,438	2,711,131	4,690,569
Total federal and state support and revenues		<u>7,841,242</u>	<u>8,372,581</u>	<u>16,213,823</u>
Local support and revenues				
Payments in lieu of property taxes		1,499,168	1,489,840	2,989,008
Investment income, net		152,214	-	152,214
Other local revenues		83,232	93,693	176,925
Total local support and revenues		<u>1,734,614</u>	<u>1,583,533</u>	<u>3,318,147</u>
<b>Total Support and Revenues</b>		<u>9,575,856</u>	<u>9,956,114</u>	<u>19,531,970</u>
<b>EXPENSES</b>				
Program services		7,841,620	7,722,116	15,563,736
Supporting services				
Management and general		1,291,622	1,360,977	2,652,599
Fundraising		16,577	19,959	36,536
<b>Total Expenses</b>		<u>9,149,819</u>	<u>9,103,052</u>	<u>18,252,871</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		426,037	853,062	1,279,099
<b>WITH DONOR RESTRICTIONS</b>				
<b>SUPPORT AND REVENUES</b>				
State revenues		69,474	-	69,474
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		69,474	-	69,474
<b>CHANGE IN NET ASSETS</b>		495,511	853,062	1,348,573
<b>Net Assets - Beginning</b>		<u>9,099,291</u>	<u>6,093,689</u>	<u>15,192,980</u>
<b>Net Assets - Ending</b>		<u>\$ 9,594,802</u>	<u>\$ 6,946,751</u>	<u>\$ 16,541,553</u>

**NEW ACADEMY  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2024**

---

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter schools. 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.

	Second Period Report	Annual Report
<b>N.E.W. Academy Canoga Park (No. 0592)</b>		
<u>Classroom-Based</u>		
Grade Span		
Regular		
Kindergarten* through third	270.83	269.11
Fourth through sixth	121.34	120.83
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>392.17</u>	<u>389.94</u>
<u>Nonclassroom-Based</u>		
Grade Span		
Regular		
Kindergarten* through third	-	0.01
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>-</u>	<u>0.01</u>
<b>Total Average Daily Attendance</b>	<u>392.17</u>	<u>389.95</u>
<b>N.E.W. Academy of Sciences and Arts (No. 0521)</b>		
<u>Classroom-Based</u>		
Grade Span		
Regular		
Kindergarten* through third	263.25	264.05
Fourth through sixth	126.60	126.69
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>389.85</u>	<u>390.74</u>
<b>Total Average Daily Attendance</b>	<u>389.85</u>	<u>390.74</u>

**N.E.W. Academy of Sciences and Arts (No. 0521) had no Nonclassroom-Based ADA in 2023-24.**

\*Includes Transitional Kindergarten (TK)



**NEW ACADEMY  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2024**

---

This schedule presents information on the amount of instructional time offered per grade level by the charter schools and whether the charter schools complied with the provisions of *Education Code Section 47612.5*.

<b>Charter School</b>	<b>Minutes</b>	<b>2023-24</b>	<b>2023-24</b>	
<b>Grade Level</b>	<b>Requirement</b>	<b>Instructional</b>	<b>Number of</b>	<b>Status</b>
		<b>Minutes</b>	<b>Days</b>	
<b>N.E.W. Academy Canoga Park (No. 0592)</b>				
Kindergarten*	36,000	65,995	175	Complied
Grade 1	50,400	65,995	175	Complied
Grade 2	50,400	68,710	175	Complied
Grade 3	50,400	68,710	175	Complied
Grade 4	54,000	68,710	175	Complied
Grade 5	54,000	68,710	175	Complied
<b>N.E.W. Academy of Sciences and Arts (No. 0521)</b>				
Kindergarten*	36,000	68,710	175	Complied
Grade 1	50,400	68,710	175	Complied
Grade 2	50,400	68,710	175	Complied
Grade 3	50,400	68,710	175	Complied
Grade 4	54,000	68,710	175	Complied
Grade 5	54,000	68,710	175	Complied

\*Includes Transitional Kindergarten (TK)

**NEW ACADEMY  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2024**

---

This schedule provides the information, if necessary, to reconcile net position on the Charter Schools Enterprise Fund reported on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

	Charter No.	N.E.W. Academy	
		Canoga Park	of Science and Arts
		0592	0521
June 30, 2024, net position for Charter Schools Enterprise Fund per Annual Financial and Budget Report (Unaudited Actuals)		<u>\$ 9,541,262</u>	<u>\$ 6,943,425</u>
Client adjustments:			
Increase (decrease) in total net assets:			
Record credit card liability		-	(174)
Record Prop 28 state revenue		53,540	-
Record lease liability adjustment for remeasurement		-	3,500
Net adjustments		<u>53,540</u>	<u>3,326</u>
June 30, 2024, net assets per audited financial statements		<u>\$ 9,594,802</u>	<u>\$ 6,946,751</u>

---

## **OTHER INFORMATION**

---

**NEW ACADEMY  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2024**

---

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

NEW Academy, located in Los Angeles County, was formed as a nonprofit public benefit corporation on August 14, 2003. The charter schools operated by the nonprofit are N.E.W. Academy Canoga Park (Charter No. 0592) and N.E.W. Academy of Science and Arts (Charter No. 0521). The public charter schools are authorized to operate through charter petitions with the Los Angeles Unified School District. The charter schools provide classroom-based instruction to students in grades TK to 5.

**BOARD OF DIRECTORS**

---

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Victor Gil	President	June 2024
Marta Arias	Vice President	June 2024
Brent Bradley	Treasurer	June 2024
Patricia Didonato	Secretary	June 2024
Bea Stotzer	Member	June 2024
Beth Tishler	Member	June 2025
Mary V. Rosas	Member	June 2025

**ADMINISTRATION**

---

Dr. Eric A. Todd  
*Principal, NEW Academy Canoga Park*

Dr. Nelsy Jackson  
*Principal, NEW Academy of Science and Arts*

Eddie Castro  
*Director of Operations*

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

---

**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  
NEW Academy  
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 NEW Academy (the "Organization") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated December 16, 2024.

**Report on 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") 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 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 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Christy White, Inc.*

San Diego, California  
December 16, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

To the Board of Directors of  
NEW Academy  
Los Angeles, California

**Report on Compliance for Each Major Federal Program****Opinion on Each Major Federal Program**

We have audited NEW Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NEW Academy's major federal programs for the year ended June 30, 2024. NEW Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NEW Academy 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, 2024.

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

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

We are required to be independent of NEW Academy 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 on compliance for each major federal program. Our audit does not provide a legal determination of NEW Academy's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

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

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



## **Auditor's Responsibilities for the Audit of Compliance (continued)**

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 NEW Academy's compliance with the requirements of each major federal program as a whole.

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

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
December 16, 2024

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

To the Board of Directors of  
NEW Academy  
Los Angeles, California

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

We have audited NEW Academy's compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to NEW Academy's state program requirements for the fiscal year ended June 30, 2024. Reference to NEW Academy within this letter is inclusive of N.E.W. Academy Canoga Park (Charter No. 0592) and N.E.W. Academy of Science and Arts (Charter No. 0521).

In our opinion, NEW Academy complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2024, 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 *2023-24 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 NEW Academy 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 NEW Academy'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 NEW Academy'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 NEW Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists.

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

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 NEW Academy'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 NEW Academy's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NEW Academy'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 NEW Academy's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine NEW Academy’s compliance with the state laws and regulations to the following items:

Description	Procedures Performed
<b>School Districts, County Offices of Education and Charter Schools</b>	
Proposition 28 Arts and Music in Schools	Yes
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	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No/Not applicable*
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable/Yes**

\* We did not perform testing of Nonclassroom-Based Instruction/Independent Study because reported ADA was not material for Charter No. 0592. Nonclassroom-Based Instruction/Independent Study was not applicable for Charter No. 0521.

\*\*The Charter School Facility Grant Program was not applicable for Charter No. 0592. Procedures were performed for Charter No. 0521 only.

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

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

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.

### **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 16, 2024

---

## **FINDINGS AND QUESTIONED COSTS SECTION**

---

**NEW ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

---

**PART I – SUMMARY OF AUDITORS’ RESULTS**

**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>No</u>

**Federal Awards**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>AL Number(s)</u> <u>Name of Federal Program or Cluster</u>	
84.425, 84.425 U      Education Stabilization Fund Discretionary Grants	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**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 <i>2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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

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

**NEW ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2024**

---

**PART II – FINANCIAL STATEMENT FINDINGS**

There were no audit findings related to the financial statements for the year ended June 30, 2024.

**PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2024.

**PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2024.

**PART V – SUMMARY OF PRIOR AUDIT FINDINGS**

This section presents the status of actions taken by the Organization 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, 2023.