

NEW ACADEMY

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2025**

**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)



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JUNE 30, 2025**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of 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, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEW Academy as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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 January 28, 2026, 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
January 28, 2026

NEW ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 11,970,391
Investments	4,362,613
Accounts receivable	2,532,280
Prepaid expenses	214,530
Total current assets	<u>19,079,814</u>
Noncurrent assets	
Deposits	53,584
Right-of-use asset - operating	4,308,780
Right-of-use asset - finance	67,183
Capital assets, net	259,140
Total noncurrent assets	<u>4,688,687</u>
Total Assets	<u>\$ 23,768,501</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 1,447,835
Operating lease liability	4,308,780
Finance lease liability	70,208
Deferred revenue	1,420,539
Total liabilities	<u>7,247,362</u>
Net assets	
Without donor restrictions	16,359,373
With donor restrictions	161,766
Total net assets	<u>16,521,139</u>
Total Liabilities and Net Assets	<u>\$ 23,768,501</u>

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

**NEW ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 8,600,104	\$ -	\$ 8,600,104
Federal revenues	1,585,676	-	1,585,676
Other state revenues	6,478,044	29,965	6,508,009
Total federal and state support and revenues	<u>16,663,824</u>	<u>29,965</u>	<u>16,693,789</u>
Local support and revenues			
Payments in lieu of property taxes	3,274,243	-	3,274,243
Grants and donations	800	-	800
Investment income, net	310,845	-	310,845
Other local revenues	142,466	-	142,466
Total local support and revenues	<u>3,728,354</u>	<u>-</u>	<u>3,728,354</u>
Total Support and Revenues	<u>20,392,178</u>	<u>29,965</u>	<u>20,422,143</u>
EXPENSES			
Program services	18,120,147	-	18,120,147
Supporting services			
Management and general	2,308,745	-	2,308,745
Fundraising	13,665	-	13,665
Total Expenses	<u>20,442,557</u>	<u>-</u>	<u>20,442,557</u>
CHANGE IN NET ASSETS	(50,379)	29,965	(20,414)
Net Assets - Beginning	<u>16,409,752</u>	<u>131,801</u>	<u>16,541,553</u>
Net Assets - Ending	<u>\$ 16,359,373</u>	<u>\$ 161,766</u>	<u>\$ 16,521,139</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, 2025**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EXPENSES				
Personnel expenses				
Certificated salaries	\$ 4,274,528	\$ 169,165	\$ -	\$ 4,443,693
Non-certificated salaries	3,885,192	-	-	3,885,192
Pension plan contributions	2,178,700	52,724	-	2,231,424
Payroll taxes	516,775	8,913	-	525,688
Other employee benefits	1,217,230	57,193	-	1,274,423
Total personnel expenses	<u>12,072,425</u>	<u>287,995</u>	<u>-</u>	<u>12,360,420</u>
Non-personnel expenses				
Books and supplies	1,616,272	84,555	-	1,700,827
Insurance	-	128,445	-	128,445
Facilities	857,496	371,142	-	1,228,638
Professional services	3,013,745	1,247,378	13,665	4,274,788
Interest expense	-	2,765	-	2,765
Depreciation and amortization	73,998	24,667	-	98,665
Fees to authorizing agency	184,059	118,727	-	302,786
Other operating expenses	302,152	43,071	-	345,223
Total non-personnel expenses	<u>6,047,722</u>	<u>2,020,750</u>	<u>13,665</u>	<u>8,082,137</u>
Total Expenses	<u>\$ 18,120,147</u>	<u>\$ 2,308,745</u>	<u>\$ 13,665</u>	<u>\$ 20,442,557</u>

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (20,414)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	57,427
Lease expense - amortization of operating right-of-use asset	(12,548)
Interest expense - amortization of finance right-of-use asset	(205)
Unrealized (gain)/loss	72,795
(Increase) decrease in operating assets	
Accounts receivable	969,082
Prepaid expenses	(85,965)
Increase (decrease) in operating liabilities	
Accounts payable	132,472
Deferred revenue	(1,635,744)
Net cash provided by (used in) operating activities	<u>(523,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvestment of interest earnings	(254,109)
Purchase of investments	(1,000,000)
Purchase of capital assets	(39,695)
Net cash provided by (used in) investing activities	<u>(1,293,804)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,816,904)
Cash and cash equivalents - Beginning	<u>13,787,295</u>
Cash and cash equivalents - Ending	<u>\$ 11,970,391</u>
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	<u>\$ 2,765</u>

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

**NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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, 2025, 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. Due to legislative changes post-COVID, 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. 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, 2025, 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. 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.

M. 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.

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.

O. 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.

**NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Income Taxes (continued)

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.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2025, consists of the following:

Cash in banks, non-interest bearing	\$ 6,797,849
Cash in Local Agency Investment Fund	4,300,000
Cash in banks, interest bearing	872,542
Total Cash and Cash Equivalents	<u>\$ 11,970,391</u>

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, 2025, \$6,726,909 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.

Cash in Local Agency Investment Fund (LAIF)

NEW Academy maintains a portion of its cash in the California State Treasurer’s Local Agency Investment Fund (LAIF) as part of the pooled money investment account. Cash may be added or withdrawn from the investment pool without limitation. The funds in the LAIF are invested in accordance with Government Code Sections 16430 and 16480, the stated investment authority for the pooled money investment account.

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, 2025. Investments as of June 30, 2025 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	
Fixed income securities	\$ 2,388,560	\$ 2,388,560	\$ -	\$ -	\$ 2,367,232
Short-term reserves	1,974,053	1,974,053	-	-	1,974,053
Total Investments	<u>\$ 4,362,613</u>	<u>\$ 4,362,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,341,285</u>

Additionally, investment return for the year ended June 30, 2025, was as follows:

Interest and dividends	383,640
Unrealized gain/(loss)	(72,795)
Net Investment Income	<u>\$ 310,845</u>

NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025, consists of the following:

Local control funding sources, state aid	\$ 972,397
Federal sources	356,083
Other state sources	814,394
In lieu property tax payments	336,271
Other local sources	53,135
Total Accounts Receivable	<u>\$ 2,532,280</u>

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2025 consists of the following:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Property and equipment				
Site improvements	\$ 141,400	\$ 39,695	\$ -	\$ 181,095
Buildings	919,659	-	-	919,659
Equipment	624,600	-	-	624,600
Total property and equipment	<u>1,685,659</u>	<u>39,695</u>	<u>-</u>	<u>1,725,354</u>
Less accumulated depreciation	<u>(1,408,787)</u>	<u>(57,427)</u>	<u>-</u>	<u>(1,466,214)</u>
Capital Assets, net	<u>\$ 276,872</u>	<u>\$ (17,732)</u>	<u>\$ -</u>	<u>\$ 259,140</u>

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2025, consists of the following:

Vendor payables	\$ 671,492
Due to grantor government	483,285
Salaries and benefits	262,179
Due to authorizing agency	30,879
Total Accounts Payable	<u>\$ 1,447,835</u>

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2025, consists of unspent conditional contributions of \$1,420,539 from state sources.

NOTE 8 – 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 term ending September 1, 2030 for two agreements and September 1, 2034 for two agreements. During the fiscal year ended June 30, 2025, the Organization paid \$624,739 in lease payments under the operating leases. At June 30, 2025, the right-of-use asset was \$4,308,780 and the operating lease liability was \$4,308,780.

NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – 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, 2025, the Organization paid \$44,208 in lease payments under the finance leases. At June 30, 2025, the right-of-use asset was \$67,183 and the finance lease liability was \$70,208.

The Organization has accounted for its lease agreements using a discount rate of 4.1%. The associated assets will be amortized and liabilities will be paid 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
2026	\$ 663,402	\$ 663,402	\$ 43,414	\$ 40,473
2027	663,402	663,402	28,664	26,710
2028	663,402	663,402	-	-
2029	663,402	663,402	-	-
2030	663,402	663,402	-	-
Thereafter	1,734,745	1,734,745	-	-
Total lease payments	5,051,755	5,051,755	72,078	67,183
NPV adjustment	(742,975)	(742,975)	(1,870)	-
Total Operating Lease Liability	\$ 4,308,780	\$ 4,308,780	\$ 70,208	\$ 67,183

NOTE 9 – NET ASSETS

Net Assets with Donor Restrictions

As of June 30, 2025, the Organization’s net assets with donor restrictions consists of \$161,766 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, 2025, the Organization’s net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 259,140
Undesignated	16,100,231
Total Net Assets without Donor Restrictions	\$ 16,359,371

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The table on the following page reflects the Organization’s financial assets as of June 30, 2025, 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.

NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

Financial Assets	
Cash and cash equivalents	\$ 11,970,391
Investments, at cost	4,341,285
Accounts receivable	2,532,280
Prepaid expenses	<u>214,530</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(161,766)
Cash held for conditional contributions	<u>(1,420,539)</u>
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 17,476,181</u>

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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2024-25 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2024-25 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, 2025 was \$809,320; 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 \$404,557. The on-behalf payment amount is computed as the proportionate share of total 2023-24 State on-behalf contributions.

NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

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 annual comprehensive 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 Q Street, Sacramento, California 95811.

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 2024-25 was 27.05% 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, 2025 was \$1,017,547; 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.

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 \$118,727 and total expenses for special education amounted to \$184,059 for the fiscal year ending June 30, 2025.

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 \$4,366,571 as of June 30, 2024. Also as of June 30, 2024, CalPERS has estimated the Organization’s share of withdrawal liability to be \$5,682,523. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 11 for additional information on employee retirement plans.

NEW ACADEMY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

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.

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, 2025.

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, 2025.

NOTE 14 – SUBSEQUENT EVENTS

NEW Academy has evaluated subsequent events for the period from June 30, 2025 through January 28, 2026, 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
STATEMENT OF FINANCIAL POSITION BY CHARTER SCHOOL
JUNE 30, 2025**

	N.E.W. Academy		Eliminations	Total
	Charter No.			
	Canoga Park 0592	of Science and Arts 0521		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,043,131	\$ 6,927,260	\$ -	\$ 11,970,391
Investments	3,796,903	565,710	-	4,362,613
Accounts receivable	1,071,158	1,461,122	-	2,532,280
Interagency receivables	327,564	-	(327,564)	-
Prepaid expenses	112,946	101,584	-	214,530
Total current assets	<u>10,351,702</u>	<u>9,055,676</u>	<u>(327,564)</u>	<u>19,079,814</u>
Noncurrent assets				
Deposits	-	53,584	-	53,584
Right-of-use asset - operating	-	4,308,780	-	4,308,780
Right-of-use asset - finance	61,263	5,920	-	67,183
Capital assets, net	62,264	196,876	-	259,140
Total noncurrent assets	<u>123,527</u>	<u>4,565,160</u>	<u>-</u>	<u>4,688,687</u>
Total Assets	<u>\$ 10,475,229</u>	<u>\$ 13,620,836</u>	<u>\$ (327,564)</u>	<u>\$ 23,768,501</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 526,332	\$ 921,503	\$ -	\$ 1,447,835
Interagency payable	-	327,564	(327,564)	-
Operating lease liability	-	4,308,780	-	4,308,780
Finance lease liability	63,996	6,212	-	70,208
Deferred revenue	343,118	1,077,421	-	1,420,539
Total liabilities	<u>933,446</u>	<u>6,641,480</u>	<u>(327,564)</u>	<u>7,247,362</u>
Net assets				
Without donor restrictions	9,380,017	6,979,356	-	16,359,373
With donor restrictions	161,766	-	-	161,766
Total net assets	<u>9,541,783</u>	<u>6,979,356</u>	<u>-</u>	<u>16,521,139</u>
Total Liabilities and Net Assets	<u>\$ 10,475,229</u>	<u>\$ 13,620,836</u>	<u>\$ (327,564)</u>	<u>\$ 23,768,501</u>

**NEW ACADEMY
STATEMENT OF ACTIVITIES BY CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025**

	N.E.W. Academy		Total
	Canoga Park	of Science and Arts	
Charter No.	0592	0521	
WITHOUT DONOR RESTRICTIONS			
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	4,169,299	\$ 4,430,805	\$ 8,600,104
Federal revenues	710,942	874,734	1,585,676
Other state revenues	3,363,091	3,114,953	6,478,044
Total federal and state support and revenues	<u>8,243,332</u>	<u>8,420,492</u>	<u>16,663,824</u>
Local support and revenues			
Payments in lieu of property taxes	1,589,674	1,684,569	3,274,243
Grants and donations	500	300	800
Investment income, net	210,361	100,484	310,845
Other local revenues	91,837	50,629	142,466
Total local support and revenues	<u>1,892,372</u>	<u>1,835,982</u>	<u>3,728,354</u>
Total Support and Revenues	<u>10,135,704</u>	<u>10,256,474</u>	<u>20,392,178</u>
EXPENSES			
Program services	8,930,972	9,189,175	18,120,147
Supporting services			
Management and general	1,278,354	1,030,391	2,308,745
Fundraising	9,362	4,303	13,665
Total Expenses	<u>10,218,688</u>	<u>10,223,869</u>	<u>20,442,557</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(82,984)	32,605	(50,379)
WITH DONOR RESTRICTIONS			
SUPPORT AND REVENUES			
State revenues	29,965	-	29,965
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>29,965</u>	<u>-</u>	<u>29,965</u>
CHANGE IN NET ASSETS	(53,019)	32,605	(20,414)
Net Assets - Beginning	<u>9,594,802</u>	<u>6,946,751</u>	<u>16,541,553</u>
Net Assets - Ending	<u>\$ 9,541,783</u>	<u>\$ 6,979,356</u>	<u>\$ 16,521,139</u>

NEW ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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 de minimis indirect cost rate of up to 15 percent.

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 348,946
Title II, Part A, Administrator Training	84.367	14344	36,537
Title III, English Learner Student Program	84.365	14346	71,690
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	28,423
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>			
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	222
<i>Passed through Los Angeles Unified School District:</i>			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	202,479
Total U. S. Department of Education			<u>824,181</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	53,874
National School Lunch Program	10.555	13391	660,084
Meal Supplements	10.555	13755	47,537
Subtotal Child Nutrition Cluster			<u>761,495</u>
Total U. S. Department of Agriculture			<u>761,495</u>
Total Federal Expenditures			<u>\$ 1,585,676</u>

There were not reconciling items between revenues reported on the statement of activities and the related expenditures reported on the schedule of expenditures of federal awards for the year ended June 30, 2025.

**NEW ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

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
N.E.W. Academy Canoga Park (No. 0592)		
Grade Span	Classroom-Based	
Regular		
Kindergarten* through third	262.54	262.76
Fourth through sixth	114.04	114.23
Total Average Daily Attendance - Classroom-Based	376.58	376.99
Grade Span	Nonclassroom-Based	
Regular		
Kindergarten* through third	0.09	0.18
Fourth through sixth	0.08	0.13
Total Average Daily Attendance - Nonclassroom-Based	0.17	0.31
Total Average Daily Attendance	376.75	377.30
N.E.W. Academy of Sciences and Arts (No. 0521)		
Grade Span	Classroom-Based	
Regular		
Kindergarten* through third	277.49	278.41
Fourth through sixth	121.51	121.07
Total Average Daily Attendance - Classroom-Based	399.00	399.48
Grade Span	Nonclassroom-Based	
Regular		
Kindergarten* through third	0.11	0.09
Fourth through sixth	0.13	0.11
Total Average Daily Attendance - Nonclassroom-Based	0.24	0.20
Total Average Daily Attendance	399.24	399.68

*Includes Transitional Kindergarten (TK)

**NEW ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

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.

Charter School Grade Level	Minutes Requirement	2024-25 Instructional Minutes	2024-25 Number of Days	Status
N.E.W. Academy Canoga Park (No. 0592)				
Kindergarten*	36,000	55,190	176	Complied
Grade 1	50,400	55,190	176	Complied
Grade 2	50,400	57,800	176	Complied
Grade 3	50,400	57,800	176	Complied
Grade 4	54,000	57,800	176	Complied
Grade 5	54,000	57,800	176	Complied
N.E.W. Academy of Sciences and Arts (No. 0521)				
Kindergarten*	36,000	57,760	179	Complied
Grade 1	50,400	57,760	179	Complied
Grade 2	50,400	57,760	179	Complied
Grade 3	50,400	57,760	179	Complied
Grade 4	54,000	57,760	179	Complied
Grade 5	54,000	57,760	179	Complied

*Includes Transitional Kindergarten (TK)

**NEW ACADEMY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2025**

This schedule provides the information necessary to reconcile fund balance/net position reported on the Unaudited Actuals to net assets on the audited financial statements. Refer to financial statements by charter school.

		<u>N.E.W. Academy</u>	
		<u>Canoga Park</u>	<u>of Science and Arts</u>
Charter No.		<u>0592</u>	<u>0521</u>
June 30, 2025, net position for Charter Schools Enterprise Fund per Annual Financial and Budget Report (Unaudited Actuals)		<u>\$ 9,514,596</u>	<u>\$ 6,952,499</u>
Client adjustments:			
Increase (decrease) in total net assets:			
Closing adjustments to accrue expenses		(50)	-
Record change in compensated absences		<u>27,237</u>	<u>26,857</u>
Net adjustments		<u>27,187</u>	<u>26,857</u>
June 30, 2025, net assets per audited financial statements		<u>\$ 9,541,783</u>	<u>\$ 6,979,356</u>

OTHER INFORMATION

**NEW ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

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

Name	Office	Term Expiration
Mary Galvan Rosas	Chair	June 2028
Maggie Cervantes	Vice Chair	June 2028
Brent Bradley	Treasurer	June 2028
Patricia DiDonato	Secretary	June 2028
Beth Tishler	Member	June 2028
Andy Guzman	Member	June 2028
Stacey Luna	Member	June 2028

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, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 28, 2026.

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
January 28, 2026

**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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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
January 28, 2026

**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 *2024-25 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, 2025. 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, 2025, 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 *2024-25 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
School Districts, County Offices of Education and Charter Schools	
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
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No *
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable/Yes**

* We did not perform procedures for Nonclassroom-Based Instruction/Independent Study because reported ADA was not material for Charter No. 0592 and 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the K-12 Audit Guide and which are described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on state compliance is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 28, 2026

FINDINGS AND QUESTIONED COSTS SECTION

**NEW ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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>	
10.553, 10.555 Child Nutrition Cluster	

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>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**NEW ACADEMY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
 FOR THE YEAR ENDED JUNE 30, 2025**

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

PART II – FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2025.

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, 2025.

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2025-001: AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria: Education Code Section 8484 requires submission of program attendance data. Proper controls should be designed and implemented to ensure that the attendance reported on the semi-annual attendance reports are accurate.

Condition: During our testing of attendance for the after school education and safety program for N.E.W. Academy of Science and Arts (Charter No. 0521) and N.E.W. Academy Canoga Park (Charter No. 0592), we noted a discrepancy on the documentation used to summarize the student attendance for the 1st Half attendance period. For N.E.W. Academy of Science and Arts (Charter No. 0521), the 1st half base report included 5,151 students served but the attendance documentation included 5,146 students served. This was an overstatement of 5. For N.E.W. Academy Canoga Park (Charter No. 0592), the 1st half base report included 9,167 students served but the attendance documentation included 9,087 students served. This was an overstatement of 80.

Effect: Manual and formula-based attendance tracking, combined with challenges in splitting ASES and 21st CCLC attendance, led to inconsistencies in reported numbers.

Cause: The charter schools do not have proper policies and procedures in place in order to ensure for timely and accurate reporting of attendance for the ASES program.

**NEW ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2025-001: AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000) (continued)

Questioned Cost: None. There is no financial impact from the conditions noted since the program is not directly funded based upon attendance, however, a reduction in attendance may result in a future grant reduction.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the school site establish policies and procedures to ensure adequate written support for student attendance is established and retained for audit.

Corrective Action Plan:

Actions to Be Taken:

1. Software Implementation:

- Connected with the Expanded Learning coordinator to transition attendance tracking and reporting to Easy Report, the software designed for Expanded Learning programs.
- This will automate and streamline data collection, reducing manual errors and ensuring consistency between reports submitted to CDE and internal records.

2. Training and Collaboration:

- The Expanded Learning team will receive training on Easy Report to ensure accurate and timely reporting.
- We will collaborate closely with the Expanded Learning and Learning Center program coordinators to align our processes and ensure compliance with CDE requirements.

3. Ongoing Monitoring:

- Monthly reviews of attendance data will be conducted to verify accuracy before submission. (already happening)
- A designated point person will oversee ASES and 21st CCLC reporting to maintain accountability. (Viridiana and Yoana)

Expected Outcome:

- Accurate, consistent, and auditable attendance reporting for ASES and 21st CCLC programs.
- Elimination of discrepancies between summary and detail reports.
- Improved efficiency and transparency in Expanded Learning program tracking.

Timeline:

- Easy Report implementation will begin immediately, with full transition expected by the start of the next reporting period (2025–2026 school year).
- NEW and NEW Academy executive team will be provided with progress updates on a monthly basis.

**NEW ACADEMY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2024.