

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES

CHARTER SCHOOL NUMBER: #1791

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
GALS/Girls Athletic Leadership School Los Angeles
Panorama City, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of GALS/Girls Athletic Leadership School Los Angeles (the School), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 the School'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 School’s consolidated financial statements as a whole. The GALS, LLC, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents) accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and, except for the portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The Local Education Agency Organization Structure, which is marked “unaudited”, has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2022 on our consideration of the School’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 on the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2022

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS	GALS	LLC	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 843,657	\$ 604,619	\$ -	\$ 1,448,276
Restricted Cash and Cash Equivalents	-	8,278,710	-	8,278,710
Investments in LLC	1,029,916	-	(1,029,916)	-
Accounts Receivable	247,485	37,012	(35,012)	249,485
Prepaid Expenses and Other Assets	25,569	-	-	25,569
Total Current Assets	2,146,627	8,920,341	(1,064,928)	10,002,040
LONG-TERM ASSETS				
Restricted Cash and Cash Equivalents	-	715,600	-	715,600
Property, Plant, and Equipment, Net	77,148	6,039,476	-	6,116,624
Total Long-Term Assets	77,148	6,755,076	-	6,832,224
Total Assets	\$ 2,223,775	\$ 15,675,417	\$ (1,064,928)	\$ 16,834,264
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 521,067	\$ 960,146	\$ (35,012)	\$ 1,446,201
Deferred Revenue	218,694	6,964	-	225,658
Total Current Liabilities	739,761	967,110	(35,012)	1,671,859
LONG-TERM LIABILITIES				
Credit Enhancement Liability	-	715,600	-	715,600
Bonds Payable	-	13,425,620	-	13,425,620
Total Long-Term Liabilities	-	14,141,220	-	14,141,220
NET ASSETS				
Without Donor Restriction	1,484,014	567,087	(1,029,916)	1,021,185
Total Net Assets	1,484,014	567,087	(1,029,916)	1,021,185
Total Liabilities and Net Assets	\$ 2,223,775	\$ 15,675,417	\$ (1,064,928)	\$ 16,834,264

See accompanying Notes to Consolidated Financial Statements.

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>GALS</u>	<u>LLC</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
State Revenue:				
State Aid	\$ 1,310,965	\$ -	\$ -	\$ 1,310,965
Other State Revenue	647,198	-	-	647,198
Federal Revenue:				
Grants and Entitlements	746,889	-	-	746,889
Local Revenue:				
In-Lieu Property Tax Revenue	513,774	-	-	513,774
Contributions	341,472	-	-	341,472
Interest Income	14	1,631	-	1,645
Other Revenue	14,545	8,780	(8,780)	14,545
Total Revenues	<u>3,574,857</u>	<u>10,411</u>	<u>(8,780)</u>	<u>3,576,488</u>
EXPENSES				
Program Services	2,666,043	365,480	(8,780)	3,022,743
Management and General	888,613	-	-	888,613
Total Expenses	<u>3,554,656</u>	<u>365,480</u>	<u>(8,780)</u>	<u>3,911,356</u>
TRANSFERS	102,466	(102,466)	-	-
CHANGE IN NET ASSETS	122,667	(457,535)	-	(334,868)
Net Assets - Beginning of Year	<u>1,361,347</u>	<u>1,024,622</u>	<u>(1,029,916)</u>	<u>1,356,053</u>
NET ASSETS - END OF YEAR	<u>\$ 1,484,014</u>	<u>\$ 567,087</u>	<u>\$ (1,029,916)</u>	<u>\$ 1,021,185</u>

See accompanying Notes to Consolidated Financial Statements.

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Eliminations	Total Expenses
Salaries and Wages	\$ 1,258,718	\$ 274,995	\$ -	\$ 1,533,713
Pension Expense	187,926	1,633	-	189,559
Other Employee Benefits	135,852	29,681	-	165,533
Payroll Taxes	25,938	20,092	-	46,030
Legal Expenses	-	21,177	-	21,177
Accounting Expenses	892	13,545	-	14,437
Instructional Materials	96,466	-	-	96,466
Other Fees for Services	470,021	273,086	(8,780)	734,327
Advertising and Promotion Expenses	-	52,452	-	52,452
Office Expenses	15,416	31,366	-	46,782
Information Technology Expenses	-	13,993	-	13,993
Occupancy Expenses	209,699	47,094	-	256,793
Travel Expenses	9,682	-	-	9,682
Interest Expense	382,753	8,276	-	391,029
Depreciation Expense	18,693	-	-	18,693
Insurance Expense	-	35,100	-	35,100
Other Expenses	219,467	66,123	-	285,590
Eliminations	<u>(8,780)</u>	<u>-</u>	<u>8,780</u>	<u>-</u>
Total Functional Expenses	<u><u>\$ 3,022,743</u></u>	<u><u>\$ 888,613</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,911,356</u></u>

See accompanying Notes to Consolidated Financial Statements.

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	<u>GALS</u>	<u>LLC</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 122,667	\$ (457,535)	\$ (334,868)
Adjustments to Reconcile Change in Net Assets to Net Cash			
Provided (Used) by Operating Activities:			
Depreciation	18,693	-	18,693
Amortization	-	9,471	9,471
Change in Operating Assets:			
Accounts Receivable	528,632	(37,012)	491,620
Prepaid Expenses and Other Assets	(6,624)	-	(6,624)
Change in Operating Liabilities:			
Accounts Payable and Accrued Liabilities	244,973	761,557	1,006,530
Deferred Revenue	9,475	6,964	16,439
Net Cash Provided by Operating Activities	<u>917,816</u>	<u>283,445</u>	<u>1,201,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant, and Equipment	<u>(51,861)</u>	<u>(4,819,113)</u>	<u>(4,870,974)</u>
Net Cash Provided Used by Investing Activities	(51,861)	(4,819,113)	(4,870,974)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Change in Line of Credit	(493,553)	-	(493,553)
Proceeds from Credit Enhancement	-	715,600	715,600
Proceeds from Debt Issuance	-	13,416,149	13,416,149
Net Cash Provided (Used) by Financing Activities	<u>(493,553)</u>	<u>14,131,749</u>	<u>13,638,196</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	372,402	9,596,081	9,968,483
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>471,255</u>	<u>2,848</u>	<u>474,103</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 843,657</u>	<u>\$ 9,598,929</u>	<u>\$ 10,442,586</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash Paid for Interest During Fiscal Year	<u>\$ 17,747</u>	<u>\$ 373,282</u>	<u>\$ 391,029</u>
RECONCILIATION OF STATEMENT OF FINANCIAL POSITION			
Cash and Cash Equivalents	\$ 843,657	\$ 604,619	\$ 1,448,276
Restricted Cash - Capital Assets	-	8,278,710	8,278,710
Restricted Cash - Reserve	-	715,600	715,600
Cash, Cash Equivalents and Restricted	<u>843,657</u>	<u>604,619</u>	<u>1,448,276</u>
Cash - Beginning of Year	<u>\$ 843,657</u>	<u>\$ 9,598,929</u>	<u>\$ 10,442,586</u>

See accompanying Notes to Consolidated Financial Statements.

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GALS/Girls Athletic Leadership School Los Angeles (the School) was incorporated in the state of California in 2014 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code (IRC) of 1954. The School was approved by the State of California Department of Education on March 9, 2016. The School opened in 2016 and currently serves approximately 250 students in grades sixth through eighth. In 2020, the School was renewed by Los Angeles Unified School District for five years ending June 30, 2026.

Charter School number authorized by the state: 1791

The mission of Girls Athletic Leadership School Los Angeles is to provide a personalized and holistic college preparatory education in a supportive environment that fosters the academic mastery and personal development necessary for every young woman to become a powerful advocate for herself and a leader of her community in the 21st century.

Other Related Entity - Valerio LLC

During 2019, the School formed Valerio, LLC (the LLC), a separate Limited Liability Company for the purpose of supporting and holding properties that will be leased to Girls Athletic Leadership School Los Angeles Schools for use as one of their campus locations.

Principles of Consolidation

The consolidated financial statements include the accounts of the Girls Athletic Leadership School Los Angeles, and Valerio, LLC. All significant intracompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the School.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual method of accounting and accordingly, reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the School's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been directly among the programs and support services benefited.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2022. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022, the School has conditional grants of \$905,597 of which \$218,694 is recognized as deferred revenue in the statement of financial position.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under IRC Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 9, 2022, the date these consolidated financial statements were available to be issued.

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$1,697,761.

As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School also maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying consolidated financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000. The range of useful lives is between 3 and 30 years. Depreciation expense was \$18,693 for the year ended June 30, 2022.

The components of property, plant, and equipment as of June 30, 2022 are as follows:

Land	\$ 1,818,995
Construction in Progress	4,220,481
Computers	130,228
Equipment, Furniture and Fixtures	<u>20,525</u>
Total	6,190,229
Less: Accumulated Depreciation and Amortization	<u>(73,605)</u>
Total Property, Plant, and Equipment	<u><u>\$ 6,116,624</u></u>

NOTE 5 LINE OF CREDIT

The School has a revolving line of credit with Mission Valley Bank for \$550,000 with an annual interest rate of 5%. There was no outstanding balance as of June 30, 2022.

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 BONDS PAYABLE

In September 2021, the California School Finance Authority issued \$13,795,000 in School Facilities Revenues, Series 2021A, and Series 2021B for the purpose of a loan to Valerio, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bond matures in June 2061 and carries an interest rate 3.79%.

The future maturities of the bonds are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ -
2024	155,000
2025	160,000
2026	170,000
2027	180,000
Thereafter	<u>13,130,000</u>
Subtotal	13,795,000
Add: Bond Premium	377,670
Less: Cost of Issuance	<u>(747,050)</u>
Total	<u><u>\$ 13,425,620</u></u>

NOTE 7 CREDIT ENHANCEMENT PROGRAM

In September 2021, the California School Finance Authority (the Authority) provided a credit enhancement grant to Valerio, LLC. The federally funded Charter School Facilities Credit Enhancement Grant Program provides grants to fully or partially fund debt service reserve accounts on bond transactions issued through the Authority. The grant is intended to reduce the overall cost of borrowing for charter schools as it eliminates the need to fund the reserve through bond proceeds. Awarded reservation of funds shall be released and returned to the Authority when the funds are no longer needed for the authorized purposes.

NOTE 8 FACILITY LEASE WITH LLC

In September 2021, the School entered into a series of leases with the LLC for charter School facilities, the last ending in May 2061. Current lease expense was \$8,780 for the year ended June 30, 2022. Future minimum leases payments under these leases are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 463,899
2024	750,517
2025	748,139
2026	750,072
2027	747,407
Thereafter	<u>24,590,442</u>
Total	<u><u>\$ 28,050,476</u></u>

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 FACILITY USE AGREEMENT

The School entered into a Single-Year Co-Location Use Agreement (the Agreement) with Los Angeles Unified School District (LAUSD) for the property located at 8015 Van Nuys Blvd., Panorama City, California. The single-year term of the Agreement expires June 30, 2022. Per the Agreement, LAUSD may not charge the School rent in exchange for its use of District premises; however, LAUSD may charge the School an annual fee for use of the District premises consistent with *Education Code* Section 47614(b) (the Prorata Share Charge). Total annual Prorata Share charge due at June 30, 2022, was \$215,649, which is included in occupancy in the consolidated statement of functional expenses.

NOTE 10 EMPLOYEE RETIREMENT

Multi-employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multi-employer defined benefit pension plans are different from single employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2021 total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Plan Description (Continued)

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The School's contributions to STRS for the past three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 223,369	100%
2021	187,840	100%
2022	180,455	100%

NOTE 11 CONTINGENCIES, RISKS, AND UNCERTAINTIES

The School 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 disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2022/23 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

SUPPLEMENTARY INFORMATION

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE - UNAUDITED
 YEAR ENDED JUNE 30, 2022
 (SEE INDEPENDENT AUDITORS' REPORT)
 UNAUDITED**

GALS/Girls Athletic Leadership School Los Angeles (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public 6-8 charter school.

The Board of Directors and the administrator as of the year ended June 30, 2022 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3-Year Term)</u>
Maggie Rosenfeld	Board Chair	6/30/23
Janis Rovner	Secretary	6/30/22
Parker Hudnut	Treasurer	6/30/22
Deirdre Gainor	Member	6/30/22
Ari Engelberg	Member	6/30/22
Deborah Robinson	Member	6/30/22
Dr. Sharon Weir	Member	6/30/24
Jeannine Hodson	Member	6/30/23
Abra Sussman	Member	6/30/23
Shola Giwa	Member	6/30/23
Rebecca Reyes	Member	6/30/24

ADMINISTRATOR

Carrie Wagner	Executive Director
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GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Grade 6	54,000	68,110	180	In Compliance
Grade 7	54,000	68,110	180	In Compliance
Grade 8	54,000	68,110	180	In Compliance

See accompanying Notes to Supplementary Information

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 4-6	29.87	29.87	29.67	29.67
Grades 7-8	122.12	127.09	122.03	127.64
ADA Totals	151.99	156.96	151.70	157.31

See accompanying Notes to Supplementary Information

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 1,417,057
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Cash and Cash Equivalents	25
Investments	120,420
Accounts Receivable - Federal and State	(154,111)
Accounts Payable and Accrued Liabilities	56,208
Deferred Revenue	44,415
Net Adjustments and Reclassifications	66,957
June 30, 2022 Audited Consolidated Financial Statement Fund Balances (Net Assets)	\$ 1,484,014

See accompanying Notes to Supplementary Information

GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This Schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This Schedule provides information regarding the attendance of students at various grade levels.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This Schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.



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

Board of Directors
GALS/Girls Athletic Leadership School Los Angeles
Panorama City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of GALS/Girls Athletic Leadership School Los Angeles (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
December 9, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
GALS/Girls Athletic Leadership School Los Angeles
Panorama City, California

Opinion on State Compliance

We have audited GALS/Girls Athletic Leadership School Los Angeles's (the School) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2022. The School's State compliance requirements are identified in the table below.

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 the School's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each state program is not modified with respect to this matter.

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response


Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the School’s compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2022

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

STATE FINDINGS

2022-001 In-Person Instruction Grant (IPI) 40000

Girls Athletic Leadership School Los Angeles, Charter Number: 1791

Criteria: The School was required to offer optional in-person instruction on April 5, 2021, the date identified on the LEA's IPI Grant LEA Certification Form, to all pupils in at least one full grade level pursuant to Education Code section 43521(c)(3)(C).

Condition: The School did not offer optional in-person instruction to all pupils in at least one full grade level until April 13, 2021.

Effect: The School was not in compliance with Education Code section 43521(c)(3)(C) between the dates of April 1, 2021 to April 12, 2021. The instructional days during this period were inappropriately reported as In-Person Instructional Days to the CDE.

Cause: The School utilized a tiered re-engagement plan for the middle school grades to return to in-person instruction starting with prioritized groups on March 15, 2021, 6th Grade pupils on April 13, 2021, 7th Grade pupils on April 27, 2021, and 8th Grade pupils on April 19, 2021. Therefore, all pupils in one full grade level were not offered in-person instruction as of April 5, 2021, the date identified on the LEA's IPI Grant LEA Certification Form.

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

2022-001 In-Person Instruction Grant (IPI) (Continued)

40000

Questioned Costs:

IPI Grant LEA Certification Form Reported Date	Correct date that the School offered IPI pursuant to 43521(c)(3)	Number of days inappropriately reported between 4/1/21 - 5/14/21	IPI Grant Allocation	Disallowed Funding pursuant to 43521(c)(2)(B)(i)
4/5/2021	4/13/2021	6	98,337	5,900

Repeat Finding: This is not a repeat finding.

Corrective Action Plan: GALS fought to get students back on campus and was one of the first charter schools co-located in the Los Angeles Unified School District who was able to bring their students back on campus as early as March 15, 2021. GALS opened its doors to high need students for the week of March 15, 2021 and March 22, 2021. GALS was on spring break the week of March 29, 2021 and needed the week after Spring Break to prepare for full school return. GALS continued with high need students after spring break during the week of April 5th. GALS brought all 6th grade students back on campus on April 13, 2021, all 8th grade students on April 19, 2021 and all 7th grade students on April 27, 2021. Operating a school during COVID was extremely challenging and regulations from local, state and federal government were changing at a fast pace. The staff at GALS were doing the best they could to keep up with all of the changes as well as reopen the school for the first time in over a year. In this chaos, GALS made a clerical error on a CDE form and misstated the date of the 6th grade start date. GALS has a strong track record of compliance with local, state and federal laws and has never had an audit finding before GALS will be sure to correct such oversight in the future.

**GALS/GIRLS ATHLETIC LEADERSHIP SCHOOL LOS ANGELES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.



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