



NEW VILLAGE  
GIRLS ACADEMY  
*reimagine what's possible*

**NEW VILLAGE CHARTER SCHOOL, INC.**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2018**

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**TABLE OF CONTENTS**  
**JUNE 30, 2018**

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<b><i>INDEPENDENT AUDITOR'S REPORT</i></b>	1
<b><i>FINANCIAL STATEMENTS</i></b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
<b><i>SUPPLEMENTARY INFORMATION</i></b>	
Local Education Agency Organization Structure	20
Schedule of Average Daily Attendance	22
Schedule of Instructional Time	23
Schedule of Functional Expenses	24
Reconciliation of Annual Financial Report With Audited Financial Statements	25
Note to Supplementary Information	26
<b><i>INDEPENDENT AUDITOR'S REPORTS</i></b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	28
Report on State Compliance	30
<b><i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i></b>	
Summary of Auditor's Results	34
Financial Statement Findings	35
State Awards Findings and Questioned Costs	36
Summary Schedule of Prior Audit Findings	37



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
New Village Charter School, Inc. *dba*  
New Village Girls Academy  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New Village Charter School, Inc. *dba* New Village Girls Academy (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter School, as of June 30, 2018, and the changes in its net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the Charter 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 of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 5, 2018

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

**ASSETS**

Current Assets

Cash	\$ 435,037	
Investments	1,367,685	
Accounts receivable	161,320	
Prepaid expenses	17,823	
Total Current Assets		\$ 1,981,865

Non-Current Assets

Security deposits		1,000
Fixed assets	1,555,750	
Less: accumulated depreciation	(799,831)	
Total Fixed Assets		755,919

Total Assets		\$ 2,738,784
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**LIABILITIES**

Current Liabilities

Accounts payable	152,996	
Current portion of long-term obligations	50,000	
Total Current Liabilities		\$ 202,996

Long-Term Obligations

Non-current portion of long-term obligations		50,000
Total Liabilities		252,996

**NET ASSETS**

Unrestricted	2,485,788	
Total Net Assets		2,485,788

Total Liabilities and Net Assets		\$ 2,738,784
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The accompanying notes are an integral part of these financial statements.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

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**REVENUES**

Local Control Funding Formula	\$ 796,366
Federal revenue	118,492
Other State revenue	215,683
Local revenues	1,153,425
Interest and dividend	32,668
Total Revenue	<u>2,316,634</u>

**EXPENSES**

Program services	
Educational Services	1,857,671
Management and general	
Support services	489,522
Total Expenses	<u>2,347,193</u>

<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(30,559)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,516,347</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,485,788</u>

The accompanying notes are an integral part of these financial statements.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in unrestricted net assets	\$ (30,559)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation expense	98,869
Unrealized and realized gain	(26,959)
Changes in operating assets and liabilities	
Increase in accounts receivable	(4,813)
Increase in prepaid expenses	(778)
Increase in accounts payable	76,858
Net Cash Provided by Operating Activities	<u>112,618</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase/Donation of investment, net	<u>(540,474)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Loan principal payments	<u>(50,000)</u>
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<b>NET DECREASE IN CASH</b>	(477,856)
<b>CASH, BEGINNING OF YEAR</b>	<u>912,893</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 435,037</u></u>

**Supplemental cash flow disclosure:**

Cash paid during the period for interest	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba*  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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***NOTE 1 - ORGANIZATION AND MISSION***

New Village Charter School, Inc. (the Corporation) *dba* New Village Girls Academy (the Charter School) was formed during 2005 as a Non-Profit Public Benefit Corporation and welcomed its first students in September 2006. The school is chartered through Los Angeles Unified School District, and was approved on March 28, 2006, and renewed on October 14, 2014, for a period of five years ending June 30, 2020.

Charter school number authorized by the State: 0791

The Charter School is a four-year, all-girls, public charter high school, authorized to serve a maximum of 180 girls in grades nine through twelve. The school is located at 147 North Occidental Boulevard, Los Angeles, California.

Learning at New Village Girls Academy is based upon the Big Picture curriculum, with small classes, highly individualized instruction and twice-weekly internships at business and nonprofit organizations. Each student has an individual learning plan based upon her prior school experience, credits required to satisfy the A-G requirements of the University of California (and most four-year colleges in California), skill assessments by New Village and the student's own interests and goals.

Students spend a substantial part of each day in a small learning community of approximately 20 students, called an advisory. Learning is supervised by the students' advisor, a credentialed teacher who works with the students throughout their time at New Village. Math and science are taught in separate classes by teachers credentialed in those subjects.

Students spend one-half day, two days each week in an internship with a local business or community organization selected on the basis of the student's interests. The student's advisor communicates regularly with an adult mentor at the internship site to assure that the internship experience is substantive and meaningful and that the content of the internship work is integrated with the individual learning plan.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 13 to the financial statements.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets, as of June 30, 2018. In addition, the Charter School is required to present a Statement of Cash Flows.

**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Sources and Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions." During 2017-2018, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a Non-Profit Public Benefit Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2014 and forward may be audited by regulatory agencies; however the Charter School is not aware of any such actions at this time.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are more likely than not to be sustained, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash and Cash Equivalents**

The Charter School considers cash on hand, restricted cash in banks and other short-term securities with original maturities of three months or less to be cash and cash equivalents.

**Investments**

Investments consist of equity and debt securities and mutual funds, all of which are carried at fair value in accordance with current accounting guidance (see Note 4).

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2018, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported an expenditure for prepaid items during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over three to five years. As of June 30, 2018, depreciation expense was \$98,869.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Use of Estimates**

The preparation of 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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Unrestricted/Designated Net Assets**

Designation of the ending net assets indicate plans to utilize funds in the subsequent fiscal year. As of June 30, 2018, the Charter School did not have any designations.

**Functional Expenses**

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

**New Accounting Pronouncements**

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 3 - CASH**

Cash at June 30, 2018, consisted of the following:

	Reported Amount	Bank Balance
Deposits		
Cash on hand and in banks	\$ (7,730)	\$ 20,000
Money market funds	442,767	442,767
Total	<u>\$ 435,037</u>	<u>\$ 462,767</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2018, the Charter School had \$212,767 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**NOTE 4 - INVESTMENTS**

Investments consist of equity and debt securities and mutual funds, all of which are carried at fair value in accordance with current accounting guidance (see Note 5). Donated investments are recorded at the fair value at the date of donation.

Net Investment income as of June 30, 2018, consisted of the following:

Dividends and interest	\$ 32,668
Net realized and unrealized gains	(26,959)
Total Return on Investment	<u>\$ 5,709</u>

**NOTE 5 - FAIR MARKET VALUE MEASUREMENTS**

The Charter School determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for the investments and liability measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

**Cash and Short-Term Investments**

Cash and short-term investments consist of cash and highly liquid short-term investments with original purchased maturities of three months or less. These investments have been classified within Level 1 of the valuation hierarchy.

**Mutual Funds and Equity Securities**

The fair value of investments in mutual funds and equity securities is based upon quoted prices in active markets.

The quoted prices of the mutual fund shares represent their closing net asset value. These investments have been classified within Level 1 of the valuation hierarchy.

**Summary of Investments**

Investments are recorded as follows in the Statement of Financial Position at June 30, 2018:

	Cost	Fair Market Value
Northern Trust Investments		
Mutual funds and equity securities	\$ 1,417,509	\$ 1,367,685

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018:

<u>June 30, 2018</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds:				
Fixed income - taxable	\$ 535,293	\$ -	\$ -	\$ 535,293
Equity securities	832,392	-	-	832,392
Total	<u>\$ 1,367,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,367,685</u>

**NOTE 6 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018, consisted of the following:

Local Control Funding Formula	\$ 752
Federal receivable	38,675
Other State receivable	33,509
Lottery	5,009
Other local	83,375
Total Accounts Receivable	<u>\$ 161,320</u>

**NOTE 7 - PREPAID EXPENSES**

Prepaid expenses at June 30, 2018, consisted of the following:

Prepaid rent, insurance, and miscellaneous vendors	<u>\$ 17,823</u>
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**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 8 - FIXED ASSETS**

Fixed assets at June 30, 2018, consisted of the following:

Leasehold improvements	\$ 1,324,865
Computer and equipment	133,508
Furniture	97,377
Subtotal	<u>1,555,750</u>
Less: accumulated depreciation	(799,831)
Total Fixed Assets	<u><u>\$ 755,919</u></u>

During the year ended June 30, 2018, \$98,869 was charged to depreciation expense.

**NOTE 9 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018, consisted of the following:

Salaries and benefits	\$ 22,358
Vendor payables	26,377
Accrued vacation	23,495
Due to grantor	70,766
Scholarships	10,000
Total Accounts Payable	<u><u>\$ 152,996</u></u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

On June 9, 2015, the Corporation, entered into a loan agreement for the amount of \$250,000. The loan bears an interest rate of 1.5 percent and a maturity date of June 30, 2020. The balance as of June 30, 2018, was \$100,000.

Future payments are as follows:

Repayment Year	Principal	Interest	Total
<u>June 30,</u> 2019	\$ 50,000	\$ 1,500	\$ 51,500
2020	50,000	752	50,752
Total	<u><u>\$ 100,000</u></u>	<u><u>\$ 2,252</u></u>	<u><u>\$ 102,252</u></u>

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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***NOTE 11 - OPERATING LEASE***

In August 2017, the Charter School entered into a one-year lease extension agreement with St. Anne's Maternity Home. Monthly lease payments are \$9,751 and the expiration date of the lease was in August 2018. An extension was entered into with monthly lease payments of \$10,127 and expires on August 31, 2019. During 2017-2018, the lease expense was \$116,500.

Future lease payments are as follows:

Year Ending June 30,	Lease Payments
2019	\$ 120,772
2020	20,254
Total	<u>\$ 141,026</u>

***NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS***

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

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 Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**NEW VILLAGE CHARTER SCHOOL, INC. *dba*  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the Charter School's total contributions were \$114,640.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$57,797 (9.328 percent of the Charter School's salaries subject to CalSTRS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**403(b) Tax Deferred Annuity Plan**

The Charter School also contributes to a classified employee 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Charter School's contributions for the year ended June 30, 2018, were \$9,964.

***NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) dba CharterSAFE for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between The Charter School and the CharterSAFE is such that the CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

The CharterSAFE has budgeting and financial reporting requirements independent of member units and the CharterSAFE's financial statements are not presented in these financial statements; however, transactions between the CharterSAFE and the Charter School are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018, the Charter School made payments of \$26,843 to CharterSAFE for services received. At June 30, 2018, the Charter School had no recorded accounts receivable or accounts payable to the CharterSAFE.

***NOTE 14 - CONTINGENCIES***

The Charter 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 reimbursement, if required, would not be material.

**Litigation**

The Charter School has no outstanding claims or litigation.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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***NOTE 15 - RELATED PARTY TRANSACTION***

The Charter School leases its school from St. Anne's Maternity Home, a California Nonprofit Public Benefit Corporation. One of the Charter School's directors is also a director of St. Anne's Maternity Home. Rent payments to St. Anne's Maternity Home during the year were \$116,500.

The above transaction was approved by a majority of the Charter School's Board of Directors, with the interested director abstaining.

***NOTE 16 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 5, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

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***SUPPLEMENTARY INFORMATION***

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**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2018**

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**ORGANIZATION**

New Village Charter School (Charter Number 0791) was granted on March 28, 2006, by the Los Angeles Unified School District. The Charter School operates one high school.

**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Karen Bertero	Board Chair	February, 2019
Dan Posel	Vice Chair	February, 2019
Tom Weissenborn	Co-Vice Chair	February, 2019
Suzanne Wilson	Treasurer	February, 2019
Justine Bae Poon	Secretary	February, 2019
Andrew E. Bogen	Founding Chair	February, 2019
Brenda Freiberg	Immediate Past Chair	February, 2019
David Abel	Member	February, 2019
Mike Babcock	Member	February, 2019
Tamara Bagnard	Member	February, 2019
Michelle Koenig Barritt	Member	February, 2019
Janice Bea	Member	February, 2019
Liza Bearman <sup>1</sup>	Member	February, 2019
Allison Binder	Member	February, 2019
Nancy Chou	Member	February, 2019
Raquel De La Hoya	Member	February, 2019
Robert Denham	Member	February, 2019
Megan Freeman	Member	February, 2019
Anna Gumport	Member	February, 2019
Madeleine Kleiner	Member	February, 2019
Laurie Owyang	Member	February, 2019
Win Rhodes	Member	February, 2019
Naomi Rodriguez	Member	February, 2019
Belinda Smith Walker	Member	February, 2019
Mary Beth West	Member	February, 2019

<sup>1</sup> Resigned November 13, 2018

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE, Continued**  
**JUNE 30, 2018**

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**ADMINISTRATION**

Andrea Purcell	Principal, resigned in July 2018
Jennifer Quiñones-Frohlich	Principal, started June 2018

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	68.19	67.92
Classroom based ADA		
Ninth through twelfth	68.19	67.92

The Charter School did not operate a short-term non-classroom based instruction program.

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grade Level	1986-87	2017-18	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800				
Grade 9		78,300	179	N/A	Complied
Grade 10		78,300	179	N/A	Complied
Grade 11		78,300	179	N/A	Complied
Grade 12		78,300	179	N/A	Complied

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services	Supporting Services	Total Expenses
	Educational Services	Management and General	
<b>Functional Expenses</b>			
Certificated salaries	\$ 751,658	\$ 64,300	\$ 815,958
Classified salaries	139,839	77,974	217,813
Employee benefits	277,973	17,180	295,153
Books and supplies	131,678	39,225	170,903
Travel and conferences	40,713	5,028	45,741
Dues and memberships	-	2,423	2,423
Insurance	-	15,631	15,631
Operation and housekeeping services	57,177	14,294	71,471
Rental, leases, repairs, and non-capitalized improvements	101,340	25,335	126,675
Direct oversight	-	7,914	7,914
Professional/consulting services and operating expenditures	278,198	171,550	449,748
Communications	-	26,644	26,644
Debt service interest	-	2,250	2,250
Depreciation	79,095	19,774	98,869
	\$ 1,857,671	\$ 489,522	\$ 2,347,193
Total Functional Expenses			

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

**NEW VILLAGE CHARTER SCHOOL, INC. dba  
NEW VILLAGE GIRLS ACADEMY  
(A California Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Charter School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Charter School must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

**Schedule of Functional Expenses**

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

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets reported on the Unaudited Actual Financial Report to the audited financial statements.

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***INDEPENDENT AUDITOR'S REPORTS***

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S 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***

Governing Board  
New Village Charter School, Inc. *dba*  
New Village Girls Academy  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Village Charter School, Inc. *dba* New Village Girls Academy (the Charter School) (A California Nonprofit Public Benefit Corporation) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 Charter School'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 may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of This Report**

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 5, 2018



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
New Village Charter School, Inc. *dba*  
New Village Girls Academy  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### **Report on State Compliance**

We have audited New Village Charter School, Inc. *dba* New Village Girls Academy's (the Charter School) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Charter School's state government programs as noted below for the year ended June 30, 2018.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of state laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of each of the Charter School's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### ***Unmodified Opinion***

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratios of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School did not receive funding related to the California Clean Energy Jobs Act; therefore, we did not perform any related procedures.

The Charter School does not operate a before or after school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California

December 5, 2018

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**NEW VILLAGE CHARTER SCHOOL, INC. *DB dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

**NEW VILLAGE CHARTER SCHOOL, INC. *dba***  
**NEW VILLAGE GIRLS ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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There were no audit findings reported in the prior year's schedule of financial statement findings.