



NEW VILLAGE
GIRLS ACADEMY
reimagine what's possible

NEW VILLAGE CHARTER SCHOOL, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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

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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, 2017, 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 opinions 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 *2016-2017 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 opinions.

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, 2017, 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 7, 2017, 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.

Vannink, Tein, Day & Co., LLP

Rancho Cucamonga, California
December 7, 2017

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

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

ASSETS

Current Assets

Cash	\$ 912,893	
Investments	800,252	
Accounts receivable	156,507	
Prepaid expenses	<u>17,045</u>	
Total Current Assets		\$ 1,886,697

Non-Current Assets

Security deposits		1,000
Fixed assets	1,555,750	
Less: accumulated depreciation	<u>(700,962)</u>	
Total Fixed Assets		<u>854,788</u>

Total Assets		<u>\$ 2,742,485</u>
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LIABILITIES

Current Liabilities

Accounts payable	76,138	
Current portion of long-term obligations	<u>50,000</u>	
Total Current Liabilities		\$ 126,138

Long-Term Obligations

Non-current portion of long-term obligations		<u>100,000</u>
Total Liabilities		226,138

NET ASSETS

Unrestricted	<u>2,516,347</u>	
Total Net Assets		<u>2,516,347</u>

Total Liabilities and Net Assets		<u>\$ 2,742,485</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)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

REVENUES

Local Control Funding Formula	\$ 965,795
Federal revenue	126,832
Other State revenue	286,652
Local revenues	1,722,074
Interest and dividend	10,811
Unrealized and realized gain, net	27,264
Total Revenue	<u>3,139,428</u>

EXPENSES

Program services	
Educational Services	<u>1,859,023</u>
Management and general	
Support services	<u>355,354</u>
Total Expenses	<u>2,214,377</u>

INCREASE IN UNRESTRICTED NET ASSETS	925,051
NET ASSETS, BEGINNING OF YEAR	<u>1,591,296</u>
NET ASSETS, END OF YEAR	<u>\$ 2,516,347</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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in unrestricted net assets	\$ 925,051
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation expense	98,912
Unrealized and realized gain	(27,264)
Changes in operating assets and liabilities	
Increase in accounts receivable	(32,470)
Increase in prepaid expenses	(384)
Increase in accounts payable	13,359
Net Cash Provided by Operating Activities	<u>977,204</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase/Donation of investment, net	(526,798)
Capital expenditures	<u>(2,950)</u>
Net Cash Used by Investing Activities	<u>(529,748)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Loan principal payments	<u>(50,000)</u>
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NET INCREASE IN CASH	397,456
CASH, BEGINNING OF YEAR	<u>515,437</u>
CASH, END OF YEAR	<u>\$ 912,893</u>

Supplemental cash flow disclosure:

Cash paid during the period for interest	<u>\$ 3,000</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, 2017**

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, 2017**

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, 2017. 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 2016-2017, 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 2013 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, 2017

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 securities and mutual funds 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, 2017, 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, 2017, depreciation expense was \$98,912.

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
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Designations of the ending net assets indicated tentative plans for financial resource utilization in a future period. As of June 30, 2017, 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.

NOTE 3 - CASH

Cash at June 30, 2017, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	\$ (16,839)	\$ 20,000
Money market funds	<u>929,732</u>	<u>949,732</u>
Total	<u>\$ 912,893</u>	<u>\$ 969,732</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, 2017, the Charter School had \$699,732 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 - INVESTMENTS

Investments consist of equity securities, mutual funds and alternative investments 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, 2017, consisted of the following:

Dividends and interest	\$ 10,813
Net realized and unrealized gains	<u>27,264</u>
Total Return on Investment	<u>\$ 38,077</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.
- 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017:

Northern Trust Investments	Cost	Fair Market Value
Mutual funds and equity securities	<u>\$ 777,073</u>	<u>\$ 800,252</u>

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2017:

June 30, 2017	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	\$ 357,881	\$ -	\$ -	\$ 357,881
Equity securities	442,371	-	-	442,371
Total	<u>\$ 800,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,252</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted of the following:

Local Control Funding Formula	\$ 62,549
Federal receivable	14,846
Other State receivable	12,043
Lottery	6,569
Other local	60,500
Total Accounts Receivable	<u>\$ 156,507</u>

NOTE 7 - PREPAID EXPENSES

Prepaid expenses at June 30, 2017, consisted of the following:

Prepaid rent, insurance, and miscellaneous vendors	<u>\$ 17,045</u>
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NOTE 8 - FIXED ASSETS

Fixed assets at June 30, 2017, 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	<u>(700,962)</u>
Total Fixed Assets	<u>\$ 854,788</u>

During the year ended June 30, 2017, \$98,912 was charged to depreciation expense.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

Salaries and benefits	\$ 2,317
Vendor payables	36,784
Accrued vacation	29,137
Due to grantor	<u>7,900</u>
Total Accounts Payable	<u><u>\$ 76,138</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, 2017, was \$150,000.

Future payments are as follows:

Repayment Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,000	\$ 2,250	\$ 52,250
2019	50,000	1,500	51,500
2020	50,000	752	50,752
Total	<u>\$ 150,000</u>	<u>\$ 4,502</u>	<u>\$ 154,502</u>

NOTE 11 - OPERATING LEASE

In August 2016, the Charter School entered into a one-year lease extension agreement with St. Anne's Maternity Home. Monthly lease payments are \$9,495 and the expiration date of the lease was in August 2017. An extension was entered into with monthly lease payments of \$9,751 and expires on August 31, 2018. During 2016-2017, the lease expense was \$113,604.

Future lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2018	<u>\$ 116,500</u>

**NEW VILLAGE CHARTER SCHOOL, INC. dba
NEW VILLAGE GIRLS ACADEMY
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 and classified employees are members of the California State Teachers' Retirement System (CalSTRS) or are covered by a 403(b) Tax Deferred Annuity Plan (TDA).

The risks of participating in this multi-employer defined benefit pension plan is 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 the plan are as follows:

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, 2016, total actuarial value of assets are \$170 billion, the actuarial obligation is \$267 billion, contributions from all employers totaled \$3.3 billion, and the plan is 63.7 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

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, 2015, 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.

NEW VILLAGE CHARTER SCHOOL, INC. *dba*
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

The STRP provisions and benefits in effect at June 30, 2017, 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	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

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, 2017, are presented above and the Charter School's total contributions were \$98,265.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$53,506 (8.828 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
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, were \$9,410.

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 2016-2017 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2017, the Charter School made payments of \$26,884 to CharterSAFE for services received. At June 30, 2017, 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, 2017

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 \$113,604.

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 7, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

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

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2017

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>
Brenda Freiberg	Board Chair	February 4, 2018
Dan Posel	Co-Vice Chair	February 4, 2018
Tom Weissenborn	Co-Vice Chair	February 4, 2018
Suzanne Wilson	Treasurer	February 4, 2018
Justine Bae Poon	Secretary	February 4, 2018
Andrew E. Bogen	Founding Chair	February 4, 2018
David Abel	Member	February 4, 2018
Melva Alvarez	Member	February 4, 2018
Mike Babcock	Member	February 4, 2018
Michelle Koenig Barritt	Member	February 4, 2018
Janice Bea	Member	February 4, 2018
Karen Bertero	Member	February 4, 2018
Allison Binder	Member	February 4, 2018
Nancy Chou	Member	February 4, 2018
Raquel De La Hoya	Member	February 4, 2018
Bob Denham	Member	February 4, 2018
Megan Freeman	Member	February 4, 2018
Anna Gumport	Member	February 4, 2018
Madi Kleiner	Member	February 4, 2018
Laurie Owyang	Member	February 4, 2018
Win Rhodes	Member	February 4, 2018
Naomi Rodriguez	Member	February 4, 2018
Kelly Styne	Member	February 4, 2018
Belinda Smith Walker	Member	February 4, 2018
Mary Beth West	Member	February 4, 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, 2017

ADMINISTRATION

Andrea Purcell

Principal

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, 2017**

	Final Report	
	Second Period Report	Annual Report
CHARTER SCHOOL		
Classroom based ADA		
Ninth through twelfth	88.62	84.68
Total Classroom based ADA	<u>88.62</u>	<u>84.68</u>
Non-Classroom based ADA		
Ninth through twelfth	86.96	80.87
Total Non-Classroom based ADA	<u>86.96</u>	<u>80.87</u>

The Charter School's instruction is at least 80 percent classroom-based. A limited number of students participate in an independent study program while on maternity leave or for other reasons. The Charter School will not allow independent study to exceed 20 percent of instruction.

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, 2017

Grade Level	1986-87	2016-17	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800				
Grade 9		67,125	179	N/A	Complied
Grade 10		67,125	179	N/A	Complied
Grade 11		67,125	179	N/A	Complied
Grade 12		67,125	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, 2017**

	Program Services	Supporting Services	Total Expenses
	Education	Management and General	
Functional Expenses			
Certificated salaries	\$ 729,997	\$ 62,300	\$ 792,297
Classified salaries	133,644	62,138	195,782
Employee benefits	261,416	29,946	291,362
Books and supplies	89,754	40,213	129,967
Travel and conferences	53,092	15,986	69,078
Dues and memberships	-	1,933	1,933
Insurance	-	15,492	15,492
Operation and housekeeping services	-	71,294	71,294
Rental, leases, repairs, and non-capitalized improvements	119,373	13,264	132,637
Direct oversight	-	9,646	9,646
Professional/consulting services and operating expenditures	382,726	7,130	389,856
Communications	-	13,121	13,121
Debt service interest	-	3,000	3,000
Depreciation	89,021	9,891	98,912
	<u>\$ 1,859,023</u>	<u>\$ 355,354</u>	<u>\$ 2,214,377</u>
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, 2017**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2017.

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, 2017**

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

The Charter School neither met nor exceeded its target funding. 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 46200 through 46206, if applicable.

The Charter School must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

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 of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

INDEPENDENT AUDITOR'S REPORTS



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, 2017, 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 7, 2017.

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.

Varrinck, Tim, Day & Co., LLP

Rancho Cucamonga, California
December 7, 2017



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) (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements as identified in the *2016-2017 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, 2017.

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 *2016-2017 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 on Each of the Programs

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, 2017.

Other Matters

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
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
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
Mental Health Expenditures	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No, see below
After 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
Immunizations	Yes, see below
CHARTER SCHOOLS	
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 was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

ADA was below the threshold required for testing; 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.

Varrinck, Tim, Day & Co., LLP

Rancho Cucamonga, California
December 7, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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, 2017

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, 2017

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, 2017

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, 2017

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