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# NEW OPPORTUNITIES ORGANIZATION LOS ANGELES, CALIFORNIA

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**AUDIT REPORT**

JUNE 30, 2024

**NEW OPPORTUNITIES ORGANIZATION**  
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**JUNE 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
New Opportunities Organization  
Los Angeles, California

### **Report on Audit of Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, 12500 Ramona LLC, of New Opportunities Organization (the "Organization") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. presentation of the financial statements.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 13, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Organization'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 Organization's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 13, 2024

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## FINANCIAL SECTION

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**NEW OPPORTUNITIES ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

	New Opportunities	Family First Charter School	New Opportunities Organization
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,031,200	\$ 4,579,844	\$ 14,611,044
Accounts receivable	1,287,348	1,667,261	2,954,609
Prepaid expenditures	12,879	10,214	23,093
Capital assets, net	11,257	1,275,504	1,286,761
Other current assets	-	1,546	1,546
Right-of-use assets, net	13,395	4,917,326	4,930,721
<b>TOTAL ASSETS</b>	<b>11,356,079</b>	<b>12,451,695</b>	<b>23,807,774</b>
<b>LIABILITIES</b>			
Accounts payable	177,397	133,792	311,189
Deferred revenue	543,795	618,085	1,161,880
Lease liabilities	13,395	3,294,870	3,308,265
<b>Total liabilities</b>	<b>734,587</b>	<b>4,046,747</b>	<b>4,781,334</b>
<b>NET ASSETS</b>			
Without donor restriction	10,621,492	8,404,948	19,026,440
<b>Total net assets</b>	<b>10,621,492</b>	<b>8,404,948</b>	<b>19,026,440</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,356,079</b>	<b>\$ 12,451,695</b>	<b>\$ 23,807,774</b>

**NEW OPPORTUNITIES ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	New Opportunities	Family First Charter School	New Opportunities Organization
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues:			
General purpose entitlement	\$ 2,164,319	\$ 3,413,663	\$ 5,577,982
Education protection account entitlement	47,666	67,360	115,026
Other federal revenues	879,133	332,038	1,211,171
Other state revenues	432,926	530,959	963,885
Local support and revenues:			
Payments in lieu of property taxes	930,386	1,314,790	2,245,176
Other local revenue	117,858	32,805	150,663
<b>TOTAL SUPPORT AND REVENUES</b>	<b>4,572,288</b>	<b>5,691,615</b>	<b>10,263,903</b>
<b>EXPENSES</b>			
Program services	3,905,406	3,632,772	7,538,178
Management and general	588,032	836,189	1,424,221
<b>TOTAL EXPENSES</b>	<b>4,493,438</b>	<b>4,468,961</b>	<b>8,962,399</b>
<b>CHANGES IN NET ASSETS</b>	<b>78,850</b>	<b>1,222,654</b>	<b>1,301,504</b>
<b>NET ASSETS, BEGINNING</b>	<b>10,542,642</b>	<b>7,182,294</b>	<b>17,724,936</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 10,621,492</b>	<b>\$ 8,404,948</b>	<b>\$ 19,026,440</b>



**NEW OPPORTUNITIES ORGANIZATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	New Opportunities Charter School		
	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 1,520,619	\$ 50,190	\$ 1,570,809
Classified salaries	721,658	22,117	743,775
Other employee benefits	691,385	22,447	713,832
Total personnel expenses	2,933,662	94,754	3,028,416
Non-personnel expenses			
Books and supplies	126,109	38,299	164,408
Travel and conference	16,798	-	16,798
Dues and memberships	13,762	-	13,762
Insurance	-	32,459	32,459
Operation and housekeeping services	64,340	27,332	91,672
Rental, leases and repairs	23,785	6,745	30,530
Depreciation and amortization	191,128	63,709	254,837
Professional services	451,105	266,712	717,817
Communications	84,717	21,179	105,896
Interest on lease liabilities	-	4,150	4,150
Direct support/indirect cost charges	-	32,693	32,693
Total non-personnel expenses	971,744	493,278	1,465,022
<b>Total Operating Expenses</b>	<b>\$ 3,905,406</b>	<b>\$ 588,032</b>	<b>\$ 4,493,438</b>

	Family First Charter School		
	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 1,281,850	\$ 55,107	\$ 1,336,957
Classified salaries	618,273	19,845	638,118
Other employee benefits	614,586	24,657	639,243
Total personnel expenses	2,514,709	99,609	2,614,318
Non-personnel expenses			
Books and supplies	128,816	31,767	160,583
Travel and conference	13,276	-	13,276
Dues and memberships	14,291	-	14,291
Insurance	-	32,459	32,459
Operation and housekeeping services	141,901	91,390	233,291
Rental, leases and repairs	120,256	82,766	203,022
Depreciation and amortization	213,129	71,044	284,173
Professional services	396,113	250,418	646,531
Communications	90,281	22,570	112,851
Interest on lease liabilities	-	104,179	104,179
Direct support/indirect cost charges	-	49,987	49,987
Total non-personnel expenses	1,118,063	736,580	1,854,643
<b>Total Operating Expenses</b>	<b>\$ 3,632,772</b>	<b>\$ 836,189</b>	<b>\$ 4,468,961</b>

**NEW OPPORTUNITIES ORGANIZATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>New Opportunities Charter School</b>	<b>Family First Charter School</b>	<b>New Opportunities Organization</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Changes in net assets	\$ 78,850	\$ 1,222,654	\$ 1,301,504
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	254,837	284,173	539,010
Interest on lease liabilities	4,150	104,179	108,329
(Increase)/Decrease in operating assets			
Accounts receivable	185,511	(91,681)	93,830
Prepaid expenses	21,610	24,638	46,248
Increase/(Decrease) in operating liabilities			
Accounts payable	(169,603)	(143,920)	(313,523)
Deferred revenue	159,236	156,262	315,498
<b>Net cash provided by operating activities</b>	<b>534,591</b>	<b>1,556,305</b>	<b>2,090,896</b>
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES</b>			
Purchase of capital assets	-	(871,155)	(871,155)
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>(871,155)</b>	<b>(871,155)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Payment of lease liabilities	(259,580)	(224,849)	(484,429)
<b>Net cash provided by financing activities</b>	<b>(259,580)</b>	<b>(224,849)</b>	<b>(484,429)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>275,011</b>	<b>460,301</b>	<b>735,312</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>9,756,189</b>	<b>4,119,543</b>	<b>13,875,732</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 10,031,200</b>	<b>\$ 4,579,844</b>	<b>\$ 14,611,044</b>

**NEW OPPORTUNITIES ORGANIZATION**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**12500 RAMONA LLC**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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	<u>12500 Ramona LLC</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 253,407
Accounts receivable	15,500
Land	1,122,012
Lease receivable	4,204,095
<b>TOTAL ASSETS</b>	<u>5,595,014</u>
<b>LIABILITIES</b>	
Accounts payable	19,744
Deferred rent income	1,753,408
Long-term liability	1,599,258
Total liabilities	<u>3,372,410</u>
<b>NET ASSETS</b>	
Net assets	<u>2,222,604</u>
Total net assets	<u>2,222,604</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,595,014</u>

**NEW OPPORTUNITIES ORGANIZATION**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**12500 RAMONA LLC**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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	<u>12500 Ramona LLC</u>
<b>UNRESTRICTED REVENUES</b>	
Interest income	\$ 35,171
<b>TOTAL UNRESTRICTED REVENUES</b>	<u>35,171</u>
<b>EXPENSES</b>	
Interest expense	69,020
Other expenses	<u>1,268</u>
<b>TOTAL EXPENSES</b>	<u>70,288</u>
<b>CHANGE IN NET ASSETS</b>	(35,117)
<b>NET ASSETS, BEGINNING</b>	<u>2,257,721</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 2,222,604</u>

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

New Opportunities Organization (the "Organization") was formed as a non-profit public benefit corporation on June 17, 2013 for the purpose of operating as a California public school located in Los Angeles County. Originally formed as New Opportunities Charter School, the Organization amended its Articles of Incorporation on February 18, 2015, formally becoming the Organization which manages New Opportunities Charter School and Family First Charter School. New Opportunities and Family First Charters were approved by the State Board of Education on July 1, 2013 as California Charter No. 1557 and 1558, respectively. During the year ended June 30, 2024, the Charters served grades 9-12. Funding sources primarily consist of local control funding formula (LCFF) state apportionments, in lieu of property tax revenues, and grants and donations from the public.

***Basis of Accounting***

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

***Net Assets***

The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Organization's Board. The Organization considers its endowments to be underwater if their fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. The Organization had no underwater endowment funds at June 30, 2024.

***Allocation of Functional Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

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

***Accounts Receivable***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

***Prepaid Expenses***

Prepaid expenses are recorded at the carrying amount(s) as of financial position date. Prepaid expenses are made in advance of when the economic benefit of the cost will be realized, and which will be expensed in future periods with the passage of time or when a triggering event occurs.

***Capital Assets***

The Organization has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets 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 or is requiring the Organization to hold the asset for a specified period of time. Capital assets are depreciated using the straight-line method over the estimated useful life of the depreciable assets. The building and improvements have an estimated useful life of 5-10 years as of June 30, 2024.

***Right-Of-Use Assets and Lease Liabilities***

The Organization has recorded Right-of-Use ("ROU") assets and lease liabilities as a result of implementing the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-09, *Leases* (Topic 842). ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The ROU assets also include any lease payments made and exclude lease incentives. Amortization expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

***Accounts Payable***

Accounts payable are amounts owed to vendors or suppliers for services incurred for which payment is made in a timely manner and in full, from current financial resources.

***Deferred Revenue***

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

***Payment in lieu of property taxes***

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to the Organization. Revenues are recognized by the Organization when earned.

***Contributions***

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

***Income Taxes***

The Organization is a 170(b)(1)(A)(ii) publicly supported nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as a public charity. The Organization is exempt from state franchise or income tax under Section 23701(d) of the *California Revenue and Taxation Code*. As a school, the Organization is not required to register with the California Attorney General as a charity.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

***Fair Value Measurements***

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

*Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.



**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2024, consist of the following:

	New Opportunities Charter School	Family First Charter School	New Opportunities Organization
Cash in banks	\$ 10,031,200	\$ 4,579,844	\$ 14,611,044
<b>Total cash and cash equivalents</b>	<b>\$ 10,031,200</b>	<b>\$ 4,579,844</b>	<b>\$ 14,611,044</b>

***Cash in Banks – Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Organization has adopted a cash management policy that addresses investment options as well as actions to be taken in the event that deposits exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. The FDIC insures 100% of non-interest bearing accounts and up to \$250,000 per depositor on interest bearing accounts per insured bank. The *California Government Code* also requires that a financial institution secure deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the Organization's bank balance was exposed to custodial credit risk as there were deposits over \$250,000. The amount exceeding \$250,000 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Organization.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board approves that action.

	New Opportunities Charter School	Family First Charter School	New Opportunities Organization
Financial assets, at year end:			
Cash and cash equivalents	\$ 10,031,200	\$ 4,579,844	\$ 14,611,044
Accounts receivable	1,287,348	1,667,261	2,954,609
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,318,548	\$ 6,247,105	\$ 17,565,653

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 4 – ACCOUNTS RECEIVABLE**

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

	<b>New Opportunities</b>	<b>Family First Charter School</b>	<b>New Opportunities Organization</b>
Due From Grantor Governments:			
California Department of Education	\$ 714,736	\$ 1,454,840	\$ 2,169,576
Other federal receivables	520,339	192,953	713,292
Other local receivables	52,273	19,468	71,741
<b>Total Accounts Receivable</b>	<b>\$ 1,287,348</b>	<b>\$ 1,667,261</b>	<b>\$ 2,954,609</b>

**NOTE 5 – CAPITAL ASSETS AND RIGHT-OF-USE ASSETS**

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

<b>New Opportunities Charter School</b>	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2024</b>
Capital Assets Being Depreciated				
Leasehold improvements	\$ 21,256	\$ -	\$ -	21,256
Total Capital Assets Being Depreciated	21,256	-	-	21,256
Less Accumulated Depreciation	7,709	2,290	-	9,999
<b>Capital Assets, Net</b>	<b>\$ 13,547</b>	<b>\$ (2,290)</b>	<b>\$ -</b>	<b>\$ 11,257</b>

<b>Family First Charter School</b>	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2024</b>
Capital Assets Being Depreciated				
Building	\$ 66,327	\$ 871,155	\$ -	\$ 937,482
Leasehold improvements	701,797	-	-	701,797
Total Capital Assets Being Depreciated	768,124	871,155	-	1,639,279
Less Accumulated Depreciation	265,962	97,813	-	363,775
<b>Capital Assets, Net</b>	<b>\$ 502,162</b>	<b>\$ 773,342</b>	<b>\$ -</b>	<b>\$ 1,275,504</b>

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

<b>New Opportunities Charter School</b>	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2024</b>
Right-of-use assets	\$ 481,994	\$ -	\$ -	\$ 481,994
Less Accumulated Amortization	216,052	252,547	-	468,599
<b>Right-of-Use Assets, Net</b>	<b>\$ 265,942</b>	<b>\$ (252,547)</b>	<b>\$ -</b>	<b>\$ 13,395</b>

<b>Family First Charter School</b>	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2024</b>
Right-of-use assets	\$ 5,216,247	\$ 30,612	\$ -	\$ 5,246,859
Less Accumulated Amortization	156,678	172,855	-	329,533
<b>Right-of-Use Assets, Net</b>	<b>\$ 5,059,569</b>	<b>\$ (142,243)</b>	<b>\$ -</b>	<b>\$ 4,917,326</b>

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 5 – LEASES**

The Organization leases certain real property for the operation of charter schools with various terms under long-term, non-cancelable finance lease agreements. The leases expire at various dates through the year 2049 and provide renewal options. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require the Organization to pay insurance and repairs.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of twelve (12) months or less for both existing and ongoing finance leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Charter has real property short term lease agreements for the year ended June 30, 2024.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases.

Total lease costs for the years ended June 30, 2024 were as follows:

Lease cost	\$ 647,339
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The following table summarizes the supplemental cash flow information for the years ended June 30, 2024:

Operating cash flows from operating leases	\$ 484,429
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The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term:	7.08 years
Weighted-average discount rate	3.11%

The future minimum lease payments under non-cancelable finance leases with terms greater than one year are listed below as of June 30, 2024.

Year Ending	Minimum lease payments
2025	\$ 223,817
2026	203,072
2027	196,872
2028	192,885
2029	187,722
Thereafter	3,720,000
Total lease payments	4,724,368
Less interest	(1,416,103)
Present value of lease liabilities	\$ 3,308,265

**NEW OPPORTUNITIES ORGANIZATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**NOTE 7 – RELATED PARTY TRANSACTIONS**

***Authorizing Agency***

The operates two Charter schools authorized to operate through Centinela Valley Union High School District (the "Authorizing Agency"). On March 5, 2013, the Board of Directors of Centinela Valley Union High School District approved a Charter renewal for both of the Organization's schools for a 5 year term beginning July 1, 2013 and expiring on June 30, 2018.

On August 21, 2014, the Board of Directors of the Organization approved a Charter management agreement with EdTec Inc. to provide administrative function services to the Organization.

On November 14, 2017, the Board of Directors of Centinela Valley Union High School District approved a Charter renewal for both of the Organization's schools for a second 5 year term beginning on July 1, 2018 and expiring on June 30, 2023 extended to June 30, 2026 pursuant to the *California Education Code* Section 47607.4, which was amended by Senate Bill 114 (Chapter 48, Statutes of 2023).

***12500 Ramona LLC***

New Opportunities Support Corporation, an affiliate of the Organization, is the sole member of 12500 Ramona LLC (the "LLC") which holds title to the property at 12500 Ramona Avenue, Hawthorne, California 90250 and functions as the Organization's landlord. The lease structured between the LLC and the Organization shall commence on July 1, 2019 and end on June 30, 2049. Base rent consists of monthly payments of \$15,500.

**NOTE 8 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plan maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and non-certificated employees are covered by an alternative plan.

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

***Plan Description***

The Organization contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS, continued**

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

***Funding Policy***

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2024 and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2024 was 19.1% of annual payroll, respectively. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the Organization's schools were \$291,040 for New Opportunities and \$247,697 for Family First for the year ended June 30, 2024.

***On-Behalf Payments***

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for the Organization is \$173,444 for New Opportunities and \$91,100 for Family First.

***Alternative Plan***

As established by federal law, all public sector employees who are not members of their employer's existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Organization uses social security as their alternative plan.

**NOTE 9 – DONATED MATERIALS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to the Organization in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Governmental Funds**

The Organization has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**NOTE 11 – SUBSEQUENT EVENTS**

The Organization evaluated subsequent events from June 30, 2024 through December 13, 2024, the date the financial statements were issued. The Organization concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**NEW OPPORTUNITIES ORGANIZATION  
ORGANIZATIONAL STRUCTURE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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New Opportunities Organization (the "Organization") approved by the State Board of Education on July 1, 2013. The Organization was authorized to operate two Charter schools through Centinela Valley Union High School District. Classes began in 2013 for grades 9 to 12. The Organization's Charter numbers are 1557 for New Opportunities and 1558 for Family First.

**BOARD OF TRUSTEES**

<b>Name</b>	<b>Office</b>	<b>Term and Term Expiration</b>
Bernie Konig	President	12/12/2024
Nora Roque	Treasurer	12/12/2024
Francisco Carrillo	Clerk	12/12/2024
Lulu Camberos	Member	12/12/2024
Mary Agnes Erlandson	Member	12/12/2024

**ADMINISTRATION**

Paul Guzman  
*Executive Director*

**NEW OPPORTUNITIES ORGANIZATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Every Student Succeeds Act: Comprehensive Support and Improvement	84.010A	15438	\$ 142,947
Adult Education Cluster			
Adult Education: Institutionalized Adults	84.002A	*	836,774
Adult Education: Adult Secondary Education	84.002A	13978	124,043
Adult Education: Adult Basic Education & ESL	84.002A	14508	86,999
Subtotal Adult Education Cluster			<u>1,047,816</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	*	20,408
Subtotal Special Education Cluster			<u>20,408</u>
<b>Total U. S. Department of Education</b>			<u>1,211,171</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,211,171</u>



**NEW OPPORTUNITIES ORGANIZATION  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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	<b>Second Period</b>	<b>Annual Report</b>
<b>Secondary</b>		
Grades 9 - 12:		
New Opportunities Charter School Regular ADA	238.33	235.69
Family First Charter School Regular ADA	336.80	328.54
<b>Total Average Daily Attendance*</b>	<b>575.13</b>	<b>564.23</b>

\* This schedule includes total Average Daily Attendance and Average Daily Attendance generated through classroom-based instruction by grade span.

**NEW OPPORTUNITIES ORGANIZATION  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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New Opportunities Charter School			Number of Days Traditional Calendar
Grade Level	2023-24 Minutes		
	Requirement	Actual	
Grades 9-12	64,800	64,800	175

Family First Charter School			Number of Days Traditional Calendar
Grade Level	2023-24 Minutes		
	Requirement	Actual	
Grades 9-12	64,800	64,800	175

**NEW OPPORTUNITIES ORGANIZATION  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT – ALTERNATIVE FORM  
(UNAUDITED TOTALS) WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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There were no reconciling items to the audited financial statements for the year ended June 30, 2024.

**NEW OPPORTUNITIES ORGANIZATION  
MULTI-YEAR FUNDING ANALYSIS – BASE APPORTIONMENT AND WIOA GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	New Opportunities Charter School		Family First Charter School		New Opportunities Organization	
	Base Apportionment	WIOA Grant	Base Apportionment	WIOA Grant	Base Apportionment	WIOA Grant
FY1516	\$ 2,992,160	\$ 137,562	\$ 3,282,597	\$ -	\$ 6,274,757	\$ 137,562
FY1617	\$ 3,383,092	\$ 170,949	\$ 3,034,826	\$ -	\$ 6,417,918	\$ 170,949
FY1718	\$ 4,286,548	\$ 304,630	\$ 3,342,836	\$ 304,630	\$ 7,629,384	\$ 609,260
FY1819	\$ 3,662,809	\$ 529,369	\$ 3,407,463	\$ 529,369	\$ 7,070,272	\$ 1,058,738
FY1920	\$ 4,370,097	\$ 397,598	\$ 3,305,882	\$ 397,598	\$ 7,675,978	\$ 795,196
FY2021	\$ 4,370,097	\$ 408,244	\$ 3,305,882	\$ 533,756	\$ 7,675,978	\$ 942,000
FY2122	\$ 1,814,886	\$ 530,000	\$ 2,009,489	\$ 530,001	\$ 3,824,375	\$ 1,060,001
FY2223	\$ 2,840,801	\$ 574,500	\$ 3,132,867	\$ 574,500	\$ 5,973,668	\$ 1,149,000
FY2324	\$ 2,937,894	\$ 785,862	\$ 4,151,734	\$ 261,955	\$ 7,089,628	\$ 1,047,816

**NEW OPPORTUNITIES ORGANIZATION**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024**

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**NOTE 1- PURPOSE OF SCHEDULES**

**Organizational Structure**

This schedule provides information about the Organization's authorizing agency, grades served, and members of the governing body, and administration.

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Organization has not elected to use the 10 percent de minimis indirect cost rate.

**Schedule of Average Daily Attendance (ADA)**

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 charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Organization.

**Reconciliation of Annual Financial and Budget Report – Alternative Form (Unaudited Totals) with Audited Financial Statements**

This schedule provides the information necessary to reconcile fund balance reported on the Annual Financial and Budget Report – Alternative Form (Unaudited Totals) to net assets on the audited financial statements.

**Multi-Year Funding Analysis – Base Apportionment and WIOA Grant**

This schedule presents information on funding awarded to the Organization via Base Apportionment and the WIOA Grant during FY1516, FY1617, FY1718, FY1819, FY1920, FY2021, FY2122, FY2223 and FY2324.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

To the Board of Directors of  
New Opportunities Organization  
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of New Opportunities Organization (the "Organization") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 13, 2024.

**Report on Internal Controls Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California

December 13, 2024





## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
New Opportunities Organization  
Los Angeles, California

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

#### ***Opinion on Each Major Federal Program***

We have audited New Opportunities Organization's (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2024. The Organization's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

## Report on Internal Control Over Compliance, continued

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

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

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 13, 2024



## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAM**

To the Board of Directors of  
New Opportunities Organization  
Los Angeles, California

### **Report on State Compliance**

#### ***Opinion on State Compliance***

We have audited New Opportunities Organization's compliance with the types of compliance requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of New Opportunities Organization's state programs for the fiscal year ended June 30, 2024, as identified below.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2024.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's compliance with the requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed, and.
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME		PROCEDURES PERFORMED
<b>School Districts, County Offices of Education, and Charter Schools:</b>		
T.	California Clean Energy Jobs Act	Not applicable
U.	After/Before School Education and Safety Program:	Not applicable
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Coursed Based	Not applicable
Z.	Immunizations	Not applicable
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Not applicable
DZ.	In Person Instruction Grant	Yes
EZ.	Transitional Kindergarten	Not applicable

PROGRAM NAME		PROCEDURES PERFORMED
<b>Charter Schools:</b>		
AA.	Attendance	Yes
BB.	Mode of Instruction	Yes
CC.	Nonclassroom-Based Instruction/Independent Study	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction	Yes
EE.	Annual Instructional Minutes - Classroom Based	Yes
FF.	Charter School Facility Grant Program	Yes

The term not applicable above is used to mean the Organization did not offer the program during the fiscal year or did not receive any funding for the program.

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

### Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2032-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
December 13, 2024

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**NEW OPPORTUNITIES ORGANIZATION  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditor's report	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Non-compliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Assistance Listing Number(s)</u> <u>Name of Federal Program or Cluster</u>	
84.002A Adult Education Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified



**NEW OPPORTUNITIES ORGANIZATION  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

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<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

***There were no audit findings related to the financial statements during the fiscal year 2024.***

**NEW OPPORTUNITIES ORGANIZATION  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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Five Digit Code  
50000

AB 3627 Finding Type  
Federal Compliance

*There were no audit findings and questioned costs related to federal awards during fiscal year 2024.*

**NEW OPPORTUNITIES ORGANIZATION  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
70000	Internal Control

***There were no audit findings and questioned costs related to federal awards during fiscal year 2024.***

**NEW OPPORTUNITIES ORGANIZATION**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**FINDING #2023-001: ATTENDANCE ACCOUNTING (10000, 40000)**

**Criteria:** Certificated rosters, absence notes, and other source documents of attendance should be correctly posted to the District's attendance system per Education Code Section 46000 et seq. Auditors are required to verify compliance in Section 19817.1 of the Standards and Procedures for Audits of California K-12 Local Educational Agencies.

**Condition:** We noted the following conditions:

From our testing at Family First, we discovered the following exception:

- 1 out of 25 student attendance selections tested had a student inaccurately recorded as independent study absent for one (1) day of attendance when they did, in fact, complete the time value of work qualifying them as present on that day.

From our testing at New Opportunities, we discovered the following exception:

- 1 out of 25 student attendance selections tested had a student inaccurately recorded as independent study absent for four (4) days of attendance when they did, in fact, complete the time value of work qualifying them as present on those days.

**Cause:** Clerical oversight.

**Effect:** For Family First, impact of 0.00794 ADA, underclaimed, with a questioned cost of \$(74.06). For New Opportunities, impact of 0.03175 ADA, underclaimed, with a questioned cost of \$(186.46).

**ADA Impact:** Family First's P2 report was underreported by one (1) student day of attendance (0.00794 ADA) as a result of this exception. New Opportunity's P2 report was underreported by four (4) student days of attendance (0.03175 ADA) as a result of this exception.

**Recommendation:** We recommend that the attendance office ensure that all attendance is properly recorded in the attendance system.

**Corrective Action Plan:** The Organization acknowledges the finding and will provide training to staff to ensure that proper procedures are followed.

**Status:** Implemented.