



Annual Financial Report
June 30, 2019

Vox Collegiate of Los Angeles

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Vox Collegiate of Los Angeles
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Vox Collegiate of Los Angeles (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter School, as of June 30, 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 10, 2019, 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 10, 2019



FINANCIAL STATEMENTS

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current Assets

| | | |
|----------------------|----|----------------|
| Cash | \$ | 257,982 |
| Accounts receivable | | 165,364 |
| Prepaid expenses | | 34,136 |
| Total Current Assets | | <u>457,482</u> |

Non-Current Assets

| | | |
|--------------------------------|--|---------------|
| Security deposits | | 3,000 |
| Property and equipment | | 105,064 |
| Less: Accumulated depreciation | | (29,104) |
| Total Non-Current Assets | | <u>78,960</u> |

| | | |
|--------------|----|----------------|
| Total Assets | \$ | <u>536,442</u> |
|--------------|----|----------------|

LIABILITIES

Current Liabilities

| | | |
|---|----|----------------|
| Accounts payable | \$ | 75,320 |
| Current portion of long-term obligation | | 94,377 |
| Total Current Liabilities | | <u>169,697</u> |

Long-term Obligations

| | | |
|--|--|----------------|
| Non-current portion of long-term obligations | | <u>240,623</u> |
|--|--|----------------|

NET ASSETS

| | | |
|----------------------------|--|----------------|
| Without donor restrictions | | <u>126,122</u> |
|----------------------------|--|----------------|

| | | |
|----------------------------------|----|----------------|
| Total Liabilities and Net Assets | \$ | <u>536,442</u> |
|----------------------------------|----|----------------|

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

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES

| | |
|-------------------------------|------------------|
| Local Control Funding Formula | \$ 450,869 |
| Federal revenue | 328,795 |
| Other State revenue | 90,607 |
| Local revenues | <u>139,036</u> |
| Total Revenue | <u>1,009,307</u> |

EXPENSES

| | |
|------------------------|------------------|
| Program services | 756,179 |
| Management and general | <u>369,317</u> |
| Total Expenses | <u>1,125,496</u> |

| | |
|--------------------------------------|-------------------|
| CHANGE IN NET ASSETS | (116,189) |
| NET ASSETS, BEGINNING OF YEAR | <u>242,311</u> |
| NET ASSETS, END OF YEAR | <u>\$ 126,122</u> |

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

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (116,189) |
| Adjustments to reconcile increase in net assets to net cash used by operating activities | |
| Depreciation expense | 29,104 |
| Changes in operating assets and liabilities | |
| Increase in accounts receivable | (163,564) |
| Increase in prepaid expenses | (20,302) |
| Increase in accounts payable | 67,383 |
| Net Cash Used by Operating Activities | <u>(203,568)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of property and equipment | <u>(105,064)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Proceeds from loans | <u>335,000</u> |
| NET CHANGE IN CASH | 26,368 |
| CASH, BEGINNING OF YEAR | <u>231,614</u> |
| CASH, END OF YEAR | <u><u>\$ 257,982</u></u> |

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

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

| | Program Services | Management and General | Total Expenses |
|--|---------------------|---------------------------|---------------------|
| Personnel | | | |
| Salaries | \$ 270,664 | \$ 93,360 | \$ 364,024 |
| Employee benefits | 28,714 | 9,904 | 38,618 |
| Payroll taxes | 22,883 | 7,893 | 30,776 |
| Total Personnel | <u>322,261</u> | <u>111,157</u> | <u>433,418</u> |
| Operating | | | |
| Fees for services | 132,251 | 110,633 | 242,884 |
| Advertising and promotions | - | 16,130 | 16,130 |
| Office expenses | - | 2,018 | 2,018 |
| Information technology | - | 14,322 | 14,322 |
| Occupancy | 161,695 | 55,773 | 217,468 |
| Travel | 930 | - | 930 |
| Depreciation | 29,104 | - | 29,104 |
| Insurance | - | 13,888 | 13,888 |
| Other expenses | 2,085 | 40,887 | 42,972 |
| Capital outlay | 28,492 | - | 28,492 |
| Special Education Local Plan Area fees | 16,179 | - | 16,179 |
| Instructional materials | 15,123 | - | 15,123 |
| Nutrition | 48,059 | - | 48,059 |
| District oversight fee | - | 4,509 | 4,509 |
| Total Operating | <u>433,918</u> | <u>258,160</u> | <u>692,078</u> |
| Total Functional Expenses | <u>\$ 756,179</u> | <u>\$ 369,317</u> | <u>\$ 1,125,496</u> |

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

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Vox Collegiate, Inc. was formed during 2016 as a California nonprofit organization and operates Vox Collegiate of Los Angeles (the Charter School). In August 2018, the Charter School welcomed its first students in grades six and seven. The Charter School petitioned and was approved by Los Angeles Unified School District for a charter for a period of five years ending on June 30, 2023.

Charter school number authorized by the State: 1917

The Charter School located at 1100 West Manchester Avenue, Los Angeles, CA 90044 opened on August 20, 2018 and currently serves approximately 42 students in grades sixth and seventh. Committed to academic excellence through rigorous curriculum and development of character confident, the Charter School ensures all sixth and eighth grade students excel in college and beyond, knowing the power and potential of their voice.

Cash

The Charter School considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2019, the allowance was \$0.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Charter School reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Charter Schools report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2019, the Charter School has no net assets with donor restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Charter School are derived principally from state and federal sources. The Charter School receives state funding based on each of the enrolled student's average daily attendance (ADA) in its schools. The Charter School receives federal grants, which are paid through the California Department of Education or other federal and state agencies. Revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met. Unrestricted support given by the state is recognized as revenue when received. Any such funds received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2019.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present 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. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Charter School is a California 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 and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). 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. The Charter School is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Charter School is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Charter School determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Charter School have 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 highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Charter School to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Charter School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Charter School's mission.

Recent Accounting Pronouncements

On June 21, 2018, the FASB completed its project on revenue-recognition of grants and contracts by not-for-profit entities by issuing Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in the Update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments in the Update:

- Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution
- Help an entity to evaluate whether contributions are conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation

Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is not in the same period that revenue is recognized.

The ASU is effective for the Charter School for the year ended June 30, 2020. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2018, the Charter School adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Charter School donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Charter School's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Charter School's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Charter School have elected not to present comparative information for these amendments.

The Charter School have adopted this standard as management believes the standard improves the usefulness and understandability of the Charter School’s financial reporting.

Adjustments Resulting from Change in Accounting Policy

As disclosed above, the Charter School adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of June 30, 2019. Following is a summary of the effects of the change in accounting policy in the Charter School’s June 30, 2018 financial statements.

| | As Previously Reported | Adoption of ASU 2016-14 | As Adjusted |
|---------------------------------------|---------------------------|----------------------------|-------------------|
| Unrestricted | 242,311 | (242,311) | - |
| Net assets without donor restrictions | - | \$ 242,311 | 242,311 |
| Total | <u>\$ 242,311</u> | <u>\$ -</u> | <u>\$ 242,311</u> |

NOTE 2 - CASH

Cash consists of the following at June 30, 2019:

| | Reported Amount | Credit Union Balance |
|---------------------------|--------------------|-------------------------|
| Deposits | | |
| Cash on hand and in banks | <u>\$ 257,982</u> | <u>\$ 276,567</u> |

Cash balances held in credit unions are insured up to \$250,000 by the National Credit Union Association (NCUA). The Charter School maintains its cash in credit union deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2019, the Charter School had a balance of \$26,567 in excess of NCUA insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | |
|--|-------------------|
| Cash | \$ 257,982 |
| Accounts receivable and prepaid expenses | 199,500 |
| Total | <u>\$ 457,482</u> |

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2019:

| | |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 39,912 |
| Federal receivable | 56,912 |
| State receivable | 57,954 |
| Lottery | 10,586 |
| Total Accounts Receivable | <u>\$ 165,364</u> |

NOTE 5 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses and security deposits consist of the following at June 30, 2019:

| | |
|--|------------------|
| Rent | \$ 17,000 |
| Insurance and benefits | 2,126 |
| Miscellaneous vendors | 15,010 |
| Security deposits | 3,000 |
| Total Prepaid Expenses and Security Deposits | <u>\$ 37,136</u> |

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – FIXED ASSETS

Property and equipment consists of the following at June 30, 2019:

| | |
|-------------------------------|-------------------------|
| Computer equipment | \$ 16,348 |
| Furniture | 2,869 |
| Leasehold improvements | 85,847 |
| Subtotal | <u>105,064</u> |
| Less accumulated depreciation | (29,104) |
| Total Property and Equipment | <u><u>\$ 75,960</u></u> |

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

| | |
|------------------------|-------------------------|
| Salaries and benefits | \$ 12,435 |
| Compensated absences | 5,331 |
| Vendor payables | 55,140 |
| Due to grantor | 2,414 |
| Total Accounts Payable | <u><u>\$ 75,320</u></u> |

NOTE 8 - LONG-TERM OBLIGATION

Charter School Finance Authority Revolving Loan Fund Program

The Charter School applied for, and was accepted, into the California School Finance Authority Revolving Loan Fund Program on July 11, 2018. The Charter School received a loan in the amount of \$250,000. The loan bears an interest rate of 2.27 percent with a maturity date in January 2023. The repayments will be withheld from the Charter School’s monthly apportionment payments. At June 30, 2019, the outstanding balance was \$250,000.

Future payments are as follows:

| Repayment Year | Principal | Interest | Total |
|-------------------|--------------------------|-------------------------|--------------------------|
| 2020 | \$ 62,502 | \$ 5,446 | \$ 67,948 |
| 2021 | 62,502 | 3,951 | 66,453 |
| 2022 | 62,502 | 2,543 | 65,045 |
| 2023 | 62,494 | 1,124 | 63,618 |
| Total | <u><u>\$ 250,000</u></u> | <u><u>\$ 13,064</u></u> | <u><u>\$ 263,064</u></u> |

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Promissory Note

On July 18, 2018, the Charter School entered into a loan agreement with Excellent Education Development (ExED). The Charter School received a loan in the amount of \$100,000. The loan bears an annual interest rate of 1.5 percent. Principal payments of \$10,625 and accrued interest commence on November 1, 2019 and continuing quarterly until maturity on August 1, 2021.

| Repayment Year | Principal | Interest | Total |
|-------------------|------------------|-----------------|------------------|
| 2020 | \$ 31,875 | \$ 2,126 | \$ 34,001 |
| 2021 | 42,500 | 559 | 43,059 |
| 2022 | 10,625 | 40 | 10,665 |
| Total | <u>\$ 85,000</u> | <u>\$ 2,725</u> | <u>\$ 87,725</u> |

NOTE 9 – FACILITIES USE AGREEMENT

On July 1, 2018, the Charter School entered into a lease agreement with Roman Catholic Archbishop of Los Angeles for the Charter School’s school site campus located at 1100 West Manchester Avenue, Los Angeles. The term of the lease terminates on June 30, 2021. Rent expense for fiscal year 2018-2019 was \$192,000, which is included in occupancy.

| Year Ending June 30, | |
|-------------------------|-------------------|
| 2020 | \$ 204,000 |
| 2021 | 228,000 |
| Total | <u>\$ 432,000</u> |

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

403(b) Tax Deferred Annuity Plan

The Charter School contributes to an 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, 2019, were \$1,445.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - 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 is not currently a party to any legal proceedings.

NOTE 12 - 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 10, 2019, 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.



SUPPLEMENTARY INFORMATION

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

Vox Collegiate of Los Angeles (the Charter School) (Charter School No. 1917) was granted on June 13, 2017, by the Los Angeles Unified School District and opened in August 2018. The Charter School operates one middle school serving student in grades sixth and seventh.

GOVERNING BOARD

| <u>MEMBER</u> | <u>OFFICE</u> | <u>TERM</u> |
|-------------------|---------------|---------------|
| Dana Gomez-Gayne | Chair | June 30, 2021 |
| Kendra Racouillat | Vice-Chair | June 30, 2021 |
| Ann Shih | Treasurer | June 30, 2021 |
| Sherri Brewer | Member | June 30, 2020 |
| Sarah Grams | Member | June 30, 2022 |
| Lynsey Mitchel | Member | June 30, 2022 |
| Michael Downes | Member | June 30, 2020 |

ADMINISTRATION

| | |
|-----------------|----------------|
| TyAnthony Davis | Head of School |
|-----------------|----------------|

See accompanying note to supplementary information.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

| | Final Report | |
|---------------------------|-------------------------|------------------|
| | Second Period Report | Annual Report |
| Regular ADA | | |
| Sixth | 21.44 | 21.46 |
| Seventh | 22.71 | 24.64 |
| Total Regular ADA | 44.15 | 46.10 |
| Classroom based ADA | | |
| Sixth | 21.44 | 21.46 |
| Seventh | 22.71 | 24.64 |
| Total Classroom based ADA | 44.15 | 46.10 |

The Charter only operates a classroom-based program.

See accompanying note to supplementary information.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

| Grade Level | 1986-87 Minutes Requirement | 2018-19 Actual Minutes | Number of Days | | Status |
|-------------|-----------------------------------|------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grade 6 | 54,000 | 68,080 | 180 | N/A | Complied |
| Grade 7 | 54,000 | 68,080 | 180 | N/A | Complied |

See accompanying note to supplementary information.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

**VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial Report With Audited Financial Statements

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



INDEPENDENT AUDITOR'S REPORTS



CPAs & BUSINESS ADVISORS

**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
Vox Collegiate of Los Angeles
(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 Vox Collegiate of Los Angeles (the Charter School) which comprise the statement of financial position as of June 30, 2019, 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 10, 2019.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 10, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Vox Collegiate of Los Angeles
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on State Compliance

We have audited Vox Collegiate of Los Angeles's (the Charter School) compliance with the types of compliance requirements as identified in the *2018-2019 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, 2019.

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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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 |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | No, see below |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study for Charter Schools | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes Classroom-Based | Yes |
| Charter School Facility Grant Program | |

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/Before School Education and Safety Program; therefore, we did not perform any related procedures.

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

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

A handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed address and date.

Rancho Cucamonga, California
December 10, 2019



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

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> |
|---|-------------------|

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

**VOX COLLEGIATE OF LOS ANGELES
(A California Nonprofit Public Benefit Corporation)**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

The year ended June 30, 2019 was the Charter School's first year of operation.