

RENAISSANCE ARTS ACADEMY
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2022

Operating:
RENAISSANCE ARTS ACADEMY

RENAISSANCE ARTS ACADEMY

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Governing Board of
Renaissance Arts Academy

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Renaissance Arts Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Renaissance Arts Academy as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renaissance Arts Academy 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 opinions.

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 Renaissance Arts Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Renaissance Arts Academy'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 Renaissance Arts Academy's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 19 – 28 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The 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 schedule of expenditures of federal awards and accompanying supplementary information are fairly stated in all material respects, in relation to the financial statements as a whole.

The Local Education Agency Organization Structure on page 18 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on the schedule.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Renaissance Arts Academy'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 Renaissance Arts Academy'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 Renaissance Arts Academy's internal control over financial reporting and compliance.

Jeddersen & Company, LLP

Agoura Hills, California
November 28, 2022

RENAISSANCE ARTS ACADEMY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	7,358,919
Accounts Receivable		1,135,147
Prepaid Expenses		67,322
Total Current Assets		<u>8,561,388</u>

INVESTMENTS		1,507,793
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PROPERTY AND EQUIPMENT, NET		17,405,575
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Total Assets	\$	<u>27,474,756</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	102,023
Accrued Payroll Liabilities		146,572
Due to Grantor Governments		238,461
Deferred Revenue		612,642
Current Portion Long-Term Debt		201,251
Total Current Liabilities		<u>1,300,949</u>

LONG-TERM LIABILITIES

Notes Payable		15,717,183
Less Current Portion Long-Term Debt		(201,251)
Total Long-Term Liabilities		<u>15,515,932</u>

Total Liabilities		16,816,881
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NET ASSETS

Without Donor Restriction		
Operating		10,657,875
Total Net Assets		<u>10,657,875</u>

Total Liabilities and Net Assets	\$	<u>27,474,756</u>
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The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUE AND SUPPORT

LCFF Sources:

Principal Apportionment State Aid	\$	2,084,286
Education Protection Account		1,649,942
Cash In-Lieu of Property Taxes		1,557,417

Federal Revenue		832,224
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Other State Revenue:

Facility Grant		551,308
All Other		303,625

Other Local Revenue		1,149,011
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Other Revenue

Investment Income		(7,835)
Grants and Donations		75,353

Total Revenue and Support		8,195,331
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EXPENSES

PROGRAM SERVICES

Education		5,371,168
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SUPPORT SERVICES

Management and General		1,694,116
Fundraising		377

Total Expenses		7,065,661
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INCREASE IN NET ASSETS		1,129,670
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Net Assets, Beginning of Year		9,528,205
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Net Assets, End of Year	\$	10,657,875
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The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Support Services			
		Management			
	Educational	and General	Fundraising	Eliminations	Total
Compensation and Related Expenses					
Salaries - Certificated	\$ 2,918,181	\$ -	\$ -	\$ -	\$ 2,918,181
Salaries - Classified	322,840	60,339	-	-	383,179
Employee Benefits and Payroll Taxes	885,146	44,227	-	-	929,373
Total Compensation and Related Expenses	4,126,167	104,566	-	-	4,230,733
Books and Supplies	378,575	39,315	-	-	417,890
Travel and Conferences	123	-	-	-	123
Dues and Memberships	-	11,987	-	-	11,987
Operation and Housekeeping Services	164,991	-	-	-	164,991
Rental, Leases, and Repairs	1,060,382	19,135	-	(955,817)	123,700
Communications	-	31,917	-	-	31,917
Services & Other Operating	403,961	616,666	377	(246,890)	774,114
Depreciation and Amortization	139,870	405,424	-	-	545,294
Direct Support / Indirect Charges	52,916	-	-	-	52,916
Debt Service - Interest	-	711,996	-	-	711,996
Total Expenses	\$ 6,326,985	\$ 1,941,006	\$ 377	\$ (1,202,707)	\$ 7,065,661

The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 1,129,670
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	545,294
(Increase) Decrease in Assets:	
Accounts Receivable	501,206
Prepaid Expenses	18,046
Deposit	15,235
Increase (Decrease) in Liabilities:	
Accounts Payable	(517,155)
Accrued Payroll Liabilities	9,432
Due to Grantor Government	237,691
Current Loans	(616,241)
Deferred Revenue	429,265
Deposit	(71,335)
Net Cash Provided from Operating Activities	<u>1,681,108</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	(97,782)
Investment in Certificate of Deposit	(7,694)
Net Cash Used by Investing Activities	<u>(105,476)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on Long-Term Loan	(192,412)
Net Cash Used by Financing Activities	<u>(192,412)</u>

Net Increase in Cash and Cash Equivalents	1,383,220
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Cash, Beginning of Year	<u>5,975,699</u>
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Cash, End of Year	<u><u>\$ 7,358,919</u></u>
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SUPPLEMENTAL DISCLOSURES:

Interest Paid	<u><u>\$ 711,996</u></u>
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The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities – Renaissance Arts Academy (the Organization) is a nonprofit public benefit corporation organized in the state of California to operate public charter schools. For the year ended June 30, 2022, the Organization operated one charter school: Renaissance Arts Academy (the School). In addition to managing school operations, Renaissance Arts Academy controls two affiliated organizations that were created to facilitate leasing of certain school facilities and support development of charter schools. The facilities are owned by a single-member limited liability company, RAA 2558 San Fernando Road LLC (RAA 2558 LLC). The sole member of RAA 2558 LLC was Renaissance Arts Academy. On November 1, 2020, Renaissance Arts Academy assigned and transferred all rights, title and interest in RAA 2558 LLC to RAA Innovation Support Corp. RAA 2558 LLC is a disregarded entity for federal income tax purposes. RAA Innovation Support Corp (RAA Support) was created as a supporting organization to facilitate and support the development of charter schools as well as conduct certain fundraising and other activities on behalf of Renaissance Arts Academy as allowed by law. RAA Support is controlled by, and for the benefit of, Renaissance Arts Academy, and is a nonprofit organization. For financial reporting purposes, RAA 2558 LLC and RAA Support is consolidated with Renaissance Arts Academy for the year ended June 30, 2022.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Renaissance Arts Academy and its controlled affiliated organization, collectively the “Organization.” All significant inter-company accounts and transactions have been eliminated in consolidation. Listed below are the affiliated organizations included in these financial statements:

- ***Renaissance Arts Academy*** – Renaissance Arts Academy (the School) is a public charter school located in Los Angeles, California that provides education to students enrolled in TK/K through twelfth grades. The School is a small Music and Performing Arts school providing an integrated classical education for students from all backgrounds. Students of the School develop the capacity to synthesize intellectual curiosity, academic discernment, and artistic discipline to help build a rational, tolerant and hopeful future for all. The School is a public school of choice operating under the terms of a charter granted by the Board of Education of the Los Angeles Unified School District on May 27, 2003 and was approved by the California State Board of Education on July 10, 2003. The School’s charter was renewed and extends through June 30, 2025.
- ***Conservatory*** – Through the Conservatory program, the students at the School receive ten hours of in-school and ten hours of after school, tuition-free performing arts instruction every week. The Conservatory is a division of the Organization.
- ***RAA 2558 San Fernando Road LLC*** – RAA 2558 LLC was formed to own, manage, and lease properties to the Organization’s charter schools. RAA 2558 LLC owns land and the facility for Renaissance Arts Academy.
- ***RAA Innovation Support Corp*** – RAA Support is a supporting organization of the Organization in that it facilitates and supports the development of charter schools for the Organization. For the fiscal year ended June 30, 2022, there were no assets or liabilities of RAA Support, nor was there any financial activity.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized in the accounting period in which the liability is incurred.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – These net assets generally result from state, federal and local funding that is received without donor restrictions, less expenses incurred in providing program-related services and performing administrative functions.

Net assets with donor restrictions – These net assets result from state, federal and local funding that is received with donor restrictions that limit the use of the funds, either temporarily until the stipulated time restriction ends or the purpose of the restriction is accomplished, or in perpetuity.

Revenue Recognition – The Organization receives Federal, State and local revenues for the School's various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance of students. Unearned revenue is recorded to the extent cash received on grants exceeds qualified expenses. Some government grants are based on reimbursable costs as defined by the grants. Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements. The Organization has elected to present revenue received with donor restrictions as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the revenue is recognized.

All contributions are considered to be without donor restriction unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restriction.

Cash and Cash Equivalents – For purposes of the statement cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Accounts Receivable – Accounts receivable primarily represent amounts due from federal, state and local governments as of June 30, 2022, and are recorded at their net realizable value. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising – The Organization expenses advertising costs as incurred. For the year ended June 30, 2022 and 2021, advertising costs totaled \$1,650 and \$494, respectively.

Property and Equipment – Property and equipment are recorded at cost when purchased. Donated property and equipment are recorded at fair value on the date of donation. Purchases and donations greater than \$5,000 are capitalized. Contributions of donated property and equipment are reported as increases to net assets without donor restrictions unless the donor has stipulated that the donation has a specific purpose. Expenses for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, generally ten to forty years for improvements and buildings, and three to ten years for equipment.. For additional information, see Note 6.

Deferred Revenue – The Organization recognizes grant revenues in the period the Organization meets the conditions for revenue recognition, namely as reimbursable program expenses are incurred. Deferred revenue relates to program receipts from government agencies in advance of program performance.

Fair Value Measurements – Generally accepted accounting principles related to fair value measurements (a) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and (b) set out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets and liabilities in active markets to which the Organization has access.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The costs of providing educational programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Where practicable, expenses are directly classified to specific program or supporting service categories. Costs that are not specifically identifiable within functional categories are classified using allocation methods.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant management estimates included in the financial statements are the collectability of the receivables, the estimated useful lives of fixed assets, and the functional allocation of expenses.

Income Taxes – The Organization is exempt from federal and state income tax under 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been reflected in these financial statements. The Organization has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no accounting adjustment has been made to the financial statements and no disclosures of uncertain income tax positions are required. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Recently Issued Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of income. Since the issuance of ASU 2016-02, the FASB has issued several amendments to the standard including, among other matters, clarifications regarding lease reassessments and application of an optional transition method. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Organization has not selected its transition method and is currently in the process of evaluating the potential impact of this new guidance, which is effective for the Organization beginning on July 1, 2022.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events – The Organization has evaluated subsequent events through November 28, 2022, the date these financial statements were available to be issued. The Organization determined no additional disclosures were required.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2022, deposits in excess of the FDIC limit amount to approximately \$6,900,000. Management believes the Organization is not exposed to any significant credit risk related to cash.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable outstanding at June 30, 2022 consisted of the following:

State Government	\$ 898,994
Local Government	146,634
Federal Government	89,519
Total Accounts Receivable	<u>\$ 1,135,147</u>

NOTE 4 – LIQUIDITY AND RESERVES

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal board designations.

Cash and cash equivalents	\$ 7,358,919
Accounts receivable, net, collected in one year	<u>1,135,147</u>
Total financial assets	8,494,066
Less those unavailable for general expenditure within one year:	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,494,066</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by receiving the state, federal, and local funding apportionments due to the School, and spending within the approved budget and plans.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – INVESTMENTS

The Organization's investments consist entirely of certificates of deposit through financial institutions that generally mature within three years. Certificates of deposit are priced using a market value pricing model. The following table summarizes the valuation of the Organization's financial assets at June 30, 2022:

Financial Assets	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 1,507,793	\$ -	\$ 1,507,793	\$ -
Total Investments	\$ 1,507,793	\$ -	\$ 1,507,793	\$ -

Total investment income, costs, and unrealized gains and losses from cash in banks and investment accounts consist of:

Interest	\$ 1,211
Unrealized Net Gain (Loss)	(9,046)
Totals	\$ (7,835)

NOTE 6 – PROPERTY AND EQUIPMENT

A schedule of changes in property and equipment and accumulated depreciation for the year ended June 30, 2022, is as follows:

SUMMARY OF CHANGES IN PROPERTY AND EQUIPMENT

	Beginning Balance	Additions	Subtractions	Ending Balance
Buildings	\$ 16,121,413	\$ -	\$ -	\$16,121,413
Building Improvements	3,028,818	104,946	35,244	3,098,520
Computer and Equipment	363,099	-	-	363,099
Furniture	22,186	-	-	22,186
Work in Progress	-	28,081	-	28,081
Totals	\$ 19,535,516	\$ 133,027	\$ 35,244	\$19,633,299

SUMMARY OF CHANGES IN ACCUMULATED DEPRECIATION

	Beginning Balance	Additions	Subtractions	Ending Balance
Buildings	\$ 503,794	\$ 403,035	\$ -	\$ 906,829
Building Improvements	912,975	90,323	-	1,003,298
Computer and Equipment	249,868	48,766	-	298,634
Furniture	15,793	3,170	-	18,963
Totals	\$ 1,682,430	\$ 545,294	\$ -	\$ 2,227,724

During the fiscal year ended June 30, 2022, \$545,294 was charged to depreciation expense.

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization has a non-qualified 403(b) retirement plan adopted in 2007. The plan covers substantially all employees meeting certain eligibility requirements. Participants may contribute a portion of their eligible compensation to the plan. The Organization's contributions for the years ended June 30, 2022, 2021 and 2020 were \$44,638, \$43,282, and \$37,844, respectively.

The Organization also adopted a 401(a) retirement plan during the fiscal year ended June 30, 2013. The plan covers certain employees and is used as an incentive program for the employees of the Organization. The Organization's contributions for the years ended June 30, 2022, 2021 and 2020 were \$161,118, \$142,155, and \$132,267, respectively.

NOTE 8 – COMPENSATED ABSENCES

The Organization's liability for compensated absences for the years ended June 30, 2022, 2021 and 2020 were \$44,086, \$41,160, and \$42,420, respectively, and was included in accrued payroll liabilities. This represents amounts owed to employees per board policy. Y Basis employees (Co-Directors) must cash out unused vacation days prior to September 30 of the succeeding academic year.

NOTE 9 – PPP LOAN FORGIVENESS

The Organization received a U.S. Small Business Administration PPP Loan on May 3, 2020, from Wells Fargo Bank. The full loan amount of \$616,241 was forgiven on September 16, 2021.

NOTE 10 – OPERATING LEASE

Lease Expense

The Organization is a party to the following lease for operational facilities as follows:

1. The Organization leases real property located at 2558 San Fernando Road, Los Angeles, California. The original lease was entered commencing July 15, 2017 for a period of twenty-nine years expiring on June 30, 2046. The new lease was entered commencing March 31, 2020 for a period of thirty-six years and three months expiring on June 30, 2056.

Total rent expense for the year ended June 30, 2022 was \$955,817. Future minimum lease payments under the lease agreements are as follows as of June 30, 2022:

Year Ending <u>June 30,</u>	Minimum <u>Lease Payments</u>
2023	\$ 955,817
2024	955,817
2025	955,817
2026	955,817
2027	955,817
Thereafter	<u>27,798,338</u>
	<u>\$ 32,577,423</u>

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization participates in a joint venture under a joint powers agreement (JPA) with the California Charter School Joint Powers Authority, doing business as charterSAFE (SAFE). The relationship between the Organization and SAFE is such that SAFE is not considered a component unit of the Organization for financial reporting purposes.

SAFE arranges for and provides workers' compensation, property, and liability insurance coverage for their members. The JPA is governed by boards consisting of a representative from each member. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member beyond their representation of the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. All of the member schools will have individual limits, instead of member schools "sharing limits." Complete separate financial statements for the JPA may be obtained from the agency.

NOTE 12 – NOTES PAYABLE

Description	Current Portion	Long-Term Portion	Total
Note payable to Equitable Facilities Fund, Inc. in the amount of \$16,121,413. The loan is dated March 31, 2020 with a maturity date of May 1, 2056. The loan is secured by deed of trust and a pledge of gross revenues of the Organization and bears an interest rate of 4.50 percent at June 30, 2022.	\$ 201,251	\$15,515,932	\$15,717,183
	<u>\$ 201,251</u>	<u>\$15,515,932</u>	<u>\$15,717,183</u>

Future minimum principal payments on long-term obligations, including current maturities, are as follows at June 30, 2022:

Year Ending June 30,	Minimum Payments
2023	\$ 201,251
2024	210,497
2025	220,167
2026	230,281
2027	240,860
Thereafter	<u>14,614,127</u>
	<u>\$ 15,717,183</u>

RENAISSANCE ARTS ACADEMY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 13 – CONTINGENCIES

The Organization receives a number of grants from various local, state, and federal governmental agencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the Organization. The Organization could be liable for as much as the full amount of governmental funds expended for the year if, under audit, the oversight agency was to determine that all costs charged to the program were disallowed.

NOTE 14 – SUBSEQUENT EVENTS

The Organization successfully negotiated buyout of their lease of the property located at 1800 Colorado Blvd., Los Angeles, CA 90041 in June 2022. The buyout was fully paid for as of June 30, 2022. Additionally, the Organization has won its litigation against Limai Education Inc. and the Limai Guarantors for default under the sublease agreement for the property 1800 Colorado Blvd. The Organization was awarded the full amount of rent due on the sublease, plus legal fees. The Organization has yet to receive the amount awarded as the judgement is still being finalized in court. As such, no receivable for the awarded amount has been booked as payment date and terms have yet to be determined.

RENAISSANCE ARTS ACADEMY

SUPPLEMENTARY INFORMATION SECTION

**FOR THE YEAR ENDED
JUNE 30, 2022**

Operating:
RENAISSANCE ARTS ACADEMY

RENAISSANCE ARTS ACADEMY

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2022

ORGANIZATION

Renaissance Arts Academy was granted a charter on May 27, 2003 and is sponsored by the Board of Education of the Los Angeles Unified School District. The sponsor has renewed the charter through June 30, 2025. The charter operates in one school site in Los Angeles County. The charter number authorized by the state of California is 579.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>	<u>TERM EXPIRES</u>
Jill Bowman	Co-Chair	One Year	June 30, 2022
Justine Gonzalez	Co-Chair	One Year	June 30, 2022
Anne Lee, Esq.	Secretary	One Year	June 30, 2022
Roy Cervantes	Member	One Year	June 30, 2022
Jane Cheung	Member	One Year	June 30, 2022
Kathleen Murphy	Member	One Year	June 30, 2022
Sharron Polk	Member	One Year	June 30, 2022

EXECUTIVE DIRECTOR

P.K. Candaux

ACADEMIC DIRECTOR

Sidnie Gallegos Myrick

BUSINESS MANAGER

ExED

See auditor's report and the notes to supplementary information

RENAISSANCE ARTS ACADEMY

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE YEAR ENDED JUNE 30, 2022

	Second Period Report			Annual Report		
	Classroom Based	Independent Study	Total ADA	Classroom Based	Independent Study	Total ADA
<u>Renaissance Arts Academy</u>						
Grades TK/K through 3	94.58	3.10	97.68	93.51	3.41	96.92
Grades 4 through 6	128.27	4.69	132.96	127.01	4.84	131.85
Grades 7 and 8	91.65	4.03	95.68	91.13	4.14	95.27
Grades 9 through 12	<u>145.55</u>	<u>8.86</u>	<u>154.41</u>	<u>142.80</u>	<u>9.77</u>	<u>152.57</u>
ADA Totals	<u><u>460.05</u></u>	<u><u>20.68</u></u>	<u><u>480.73</u></u>	<u><u>454.45</u></u>	<u><u>22.16</u></u>	<u><u>476.61</u></u>

See auditor's report and the notes to supplementary information

RENAISSANCE ARTS ACADEMY

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE YEAR ENDED JUNE 30, 2022

	2021-22 Minutes		Number of Days Traditional Calendar	Status
	Requirement	Actual		
Grades TK/K	36,000	54,810	177	In Compliance
Grade 1	50,400	54,810	177	In Compliance
Grade 2	50,400	57,950	177	In Compliance
Grade 3	50,400	57,950	177	In Compliance
Grade 4	54,000	55,775	177	In Compliance
Grade 5	54,000	55,775	177	In Compliance
Grade 6	54,000	55,775	177	In Compliance
Grade 7	54,000	66,000	177	In Compliance
Grade 8	54,000	66,000	177	In Compliance
Grade 9	64,800	66,245	177	In Compliance
Grade 10	64,800	66,245	177	In Compliance
Grade 11	64,800	66,245	177	In Compliance
Grade 12	64,800	66,245	177	In Compliance

See auditor's report and the notes to supplementary information

RENAISSANCE ARTS ACADEMY

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Renaissance Arts Academy

June 30, 2022 Annual Financial and Budget Report Fund Balance (Net Assets)	\$	10,951,989
Adjustments and Reclassifications Increase (Decrease):		
Assets / Revenues		(41,965)
Liabilities / Expenses		<u>139,849</u>
June 30, 2022 Audited Financial Statements Fund Balance (Net Assets)	\$	<u><u>11,049,873</u></u>

See auditor's report and the notes to supplementary information

RENAISSANCE ARTS ACADEMY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Renaissance Arts Academy	Conservatory	RAA 2558 San Fernando Road LLC	Eliminations	Total
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 7,146,310	\$ (28,092)	\$ 240,701	\$ -	\$ 7,358,919
Accounts Receivable	1,135,147	-	-	-	1,135,147
Prepaid Expenses	67,322	-	-	-	67,322
Total Current Assets	8,348,779	(28,092)	240,701	-	8,561,388
INVESTMENTS	1,507,793	-	-	-	1,507,793
PROPERTY AND EQUIPMENT, NET	2,155,412	35,579	15,214,584	-	17,405,575
OTHER ASSETS					
Due To / From Inter-Agency	129,314	-	(129,314)	-	-
Total Assets	\$ 12,141,298	\$ 7,487	\$ 15,325,971	\$ -	\$ 27,474,756
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts Payable	\$ 102,023	\$ -	\$ -	\$ -	\$ 102,023
Accrued Payroll Liabilities	138,299	8,273	-	-	146,572
Due to Grantor Government	238,461	-	-	-	238,461
Deferred Revenues	612,642	-	-	-	612,642
Current Portion Long-Term Debt	-	-	201,251	-	201,251
Total Current Liabilities	1,091,425	8,273	201,251	-	1,300,949
LONG-TERM LIABILITIES					
Notes Payable	\$ -	\$ -	\$ 15,717,183	\$ -	\$ 15,717,183
Less Current Portion Long-Term Debt	-	-	(201,251)	-	(201,251)
Total Long-Term Liabilities	-	-	15,515,932	-	15,515,932
Total Liabilities	1,091,425	8,273	15,717,183	-	16,816,881
NET ASSETS - Without Donor Restrictions	11,049,873	(786)	(391,212)	-	10,657,875
Total Liabilities and Net Assets	\$ 12,141,298	\$ 7,487	\$ 15,325,971	\$ -	\$ 27,474,756

The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Renaissance Arts Academy	Conservatory	RAA 2558 San Fernando Road LLC	Eliminations	Total
CHANGE IN NET ASSETS:					
<u>SUPPORT AND REVENUE</u>					
LCFF Sources:					
Principal Apportionment State Aid	\$ 2,084,286	\$ -	\$ -	\$ -	\$ 2,084,286
Education Protection Account	1,649,942	-	-	-	1,649,942
Cash In-Lieu of Property Taxes	1,557,417	-	-	-	1,557,417
Federal Revenues	767,224	65,000	-	-	832,224
Other State Revenue:					
Facility Grant	551,308	-	-	-	551,308
All Other	303,625	-	-	-	303,625
Other Local Revenue	1,149,011	246,890	955,817	(1,202,707)	1,149,011
Other Revenue:					
Net Investment Income (Loss)	(7,851)	16	-	-	(7,835)
Grants and Donations	520	74,833	-	-	75,353
Total Revenue and Support	8,055,482	386,739	955,817	(1,202,707)	8,195,331
<u>EXPENSES</u>					
PROGRAM EXPENSES					
Educational	5,939,500	387,485	-	(955,817)	5,371,168
SUPPORT SERVICES					
Management and General	825,935	40	1,115,031	(246,890)	1,694,116
Fundraising	377	-	-	-	377
Total Expenses	6,765,812	387,525	1,115,031	(1,202,707)	7,065,661
Increase (Decrease) in Net Assets	1,289,670	(786)	(159,214)	-	1,129,670
<u>NET ASSETS (DEFICIENCIES)</u>					
Beginning of Year	9,760,203	-	(231,998)	-	9,528,205
End of Year	\$ 11,049,873	\$ (786)	\$ (391,212)	\$ -	\$ 10,657,875

The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Support Services		
		Management and General	Fundraising	
Renaissance Arts Academy	Educational			Total
Compensation and Related Expenses				
Salaries - Certificated	\$ 2,766,500	\$ -	\$ -	\$ 2,766,500
Salaries - Classified	314,698	60,339	-	375,037
Employee Benefits and Payroll Taxes	870,355	44,227	-	914,582
Total Compensation and Related Expenses	3,951,553	104,566	-	4,056,119
Books and Supplies	377,533	39,315	377	417,225
Travel and Conferences	123	-	-	123
Dues and Memberships	-	11,987	-	11,987
Operation and Housekeeping Services	164,991	-	-	164,991
Rental, Leases, and Repairs	866,443	19,135	-	885,578
Communications	-	31,917	-	31,917
Services & Other Operating	403,961	616,626	-	1,020,587
Depreciation and Amortization	121,980	2,389	-	124,369
Direct Support / Indirect Charges	52,916	-	-	52,916
Debt Service - Interest	-	-	-	-
Total Expenses	\$ 5,939,500	\$ 825,935	\$ 377	\$ 6,765,812
Conservatory				
Compensation and Related Expenses				
Salaries - Certificated	\$ 151,681	\$ -	\$ -	\$ 151,681
Salaries - Classified	8,142	-	-	8,142
Employee Benefits and Payroll Taxes	14,791	-	-	14,791
Total Compensation and Related Expenses	174,614	-	-	174,614
Books and Supplies	1,042	-	-	1,042
Travel and Conferences	-	-	-	-
Dues and Memberships	-	-	-	-
Operation and Housekeeping Services	-	-	-	-
Rental, Leases, and Repairs	193,939	-	-	193,939
Communications	-	-	-	-
Services & Other Operating	-	40	-	40
Depreciation and Amortization	17,890	-	-	17,890
Direct Support / Indirect Charges	-	-	-	-
Debt Service - Interest	-	-	-	-
Total Expenses	\$ 387,485	\$ 40	\$ -	\$ 387,525

The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Support Services		
		Management and General	Fundraising	
RAA 2558 San Fernando Road LLC	Educational			Total
Compensation and Related Expenses				
Salaries - Certificated	\$ -	\$ -	\$ -	\$ -
Salaries - Classified	-	-	-	-
Employee Benefits and Payroll Taxes	-	-	-	-
Total Compensation and Related Expenses	-	-	-	-
Books and Supplies	-	-	-	-
Travel and Conferences	-	-	-	-
Dues and Memberships	-	-	-	-
Operation and Housekeeping Services	-	-	-	-
Rental, Leases, and Repairs	-	-	-	-
Communications	-	-	-	-
Services & Other Operating	-	-	-	-
Depreciation and Amortization	-	403,035	-	403,035
Direct Support / Indirect Charges	-	-	-	-
Debt Service - Interest	-	711,996	-	711,996
Total Expenses	\$ -	\$ 1,115,031	\$ -	\$ 1,115,031
Total Organization	\$ 6,326,985	\$ 1,941,006	\$ 377	\$ 8,268,368

The accompanying notes are an integral part of these financial statements

RENAISSANCE ARTS ACADEMY

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES

A. Local Education Agency Organization Structure

This schedule provides information about Renaissance Arts Academy's (the School) date and granting authority, members of the governing board, and members of the administration.

B. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the 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 programs.

C. Schedule of Instructional Time

This schedule presents information that shows whether Renaissance Arts Academy complied with Education Code section 47612 of the number of instructional days offered during the year and whether the School complied with the instructional days provisions.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance (net assets) of the School as reported on the Annual Financial and Budget Report form to the audited financial statements.

E. Consolidating Statements

These schedules show the Organization and its affiliates financial positions and activities separately, by entity.

RENAISSANCE ARTS ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-Through Program from California				
Department of Education:				
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	15644	-	614
Child Nutrition Cluster:				
National School Lunch Program	10.555	13755	-	75,463
Total Child Nutrition Cluster			-	75,463
Total U.S. Department of Agriculture			-	76,077
U.S. Department of Education				
Pass-Through Program from California				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	14329	\$ -	\$ 147,798
Supporting Effective Instruction State Grants	84.367	14341	-	21,257
Student Support and Academic Enrichment Program	84.424	15391	-	10,000
Education Stabilization Fund:				
COVID-19 - Education Stabilization Fund	84.425D	15618, 15536, 15559	-	293,610
COVID-19 - Education Stabilization Fund	84.425C	15517	-	18,640
Total Education Stabilization Fund			-	312,250
Special Education Cluster:				
Special Education Grants to States	84.027	13379	-	144,190
Total Special Education Cluster:			-	144,190
Total U.S. Department of Education			-	635,495
National Endowment for the Humanities				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	-	65,000
Total National Endowment for the Humanities			-	65,000
Federal Communications Commission				
Emergency Connectivity Fund Program	32.009	N/A	-	55,651
Total Department of the Treasury			-	55,651
Total Expenditures of Federal Awards			\$ -	\$ 832,223

N/A - Pass-through entity number not readily available or not applicable.

See accompanying notes to the schedule of expenditures of federal awards

RENAISSANCE ARTS ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Renaissance Arts Academy under programs of the federal government for the year ended June 30, 2022. 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). Because the Schedule presents only a selected portion of the operations of Renaissance Arts Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Renaissance Arts Academy.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Renaissance Arts Academy has elected to use the 10.0 percent de minimis indirect cost rate allowed under the Uniform Guidance.

RENAISSANCE ARTS ACADEMY

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

**FOR THE YEAR ENDED
JUNE 30, 2022**

Operating:
RENAISSANCE ARTS ACADEMY



**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***

To Members of the Governing Board of
Renaissance Arts Academy

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 Renaissance Arts Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Renaissance Arts Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Renaissance Arts Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Renaissance Arts Academy'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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Jeddeisen & Company, LLP

Agoura Hills, California
November 28, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Governing Board of
Renaissance Arts Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Renaissance Arts Academy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Renaissance Arts Academy's major federal programs for the year ended June 30, 2022. Renaissance Arts Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Renaissance Arts Academy 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, 2022.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Renaissance Arts Academy 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 Renaissance Arts Academy'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 Renaissance Arts Academy's federal programs.

Auditor's 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 Renaissance Arts Academy'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 generally accepted auditing standards, *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 Renaissance Arts Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Renaissance Arts Academy'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 Renaissance Arts Academy'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Renaissance Arts Academy'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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

Jeddusen: Company, LLP

Agoura Hills, California

November 28, 2022



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Members of the Governing Board of
Renaissance Arts Academy

Report on State Compliance

We have audited Renaissance Arts Academy's compliance with the state compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2022. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Renaissance Arts Academy's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Renaissance Arts Academy's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 a state program occurred. An audit includes examining, on a test basis, evidence about Renaissance Arts Academy'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 opinion. Our audit does not provide a legal determination of Renaissance Arts Academy's compliance with those requirements.

Compliance Requirements Tested

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

Compliance Requirements Local Education Agencies:

Attendance
Teacher Certification and Misassignments
Kindergarten Continuance
Independent Study
Continuation Education

Procedures Performed

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

The term “Not applicable” is used above to mean that the program does not apply to Renaissance Arts Academy as a Local Education Agency.

We did not perform any procedures related to the California Clean Energy Jobs Act because Renaissance Arts Academy does not have expenditures for this program.

We did not perform any procedures related to the After/Before School Education and Safety Program because Renaissance Arts Academy does not receive state funding for this program.

We did not perform any procedures related to the Independent Study-Course Based Program because Renaissance Arts Academy does not receive state funding for this program.

We did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction because Renaissance Arts Academy did not generate more than 20.0 percent of the School’s average daily attendance through nonclassroom-based instruction.

Opinion

In our opinion, Renaissance Arts Academy complied, in all material respects, with the compliance requirements referred to above that are applicable to state programs for the year ended June 30, 2022.

Tedder & Company, LLP

Agoura Hills, California

November 28, 2022

RENAISSANCE ARTS ACADEMY

FINDINGS AND RECOMMENDATIONS SECTION

**FOR THE YEAR ENDED
JUNE 30, 2022**

Operating:
RENAISSANCE ARTS ACADEMY

RENAISSANCE ARTS ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)? No

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.367	Supporting Effective Instruction State Grants
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

State Awards

Type of auditor’s report issued on compliance for state programs: Unmodified

Internal control over state programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

RENAISSANCE ARTS ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2022

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements, federal or state awards for the year ended June 30, 2022.

RENAISSANCE ARTS ACADEMY

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2022

Finding	Code	Recommendation	Current Status
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There were no findings and questioned costs related to the basic financial statements, federal awards, or state awards for the prior year ended June 30, 2021.