



CATCH Prep Charter High, Inc.
Charter Number 0570
Audited Financial Statements
As of and for the Year Ended June 30, 2023
with Independent Auditor's Report

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Independent Auditor's Report

**The Board of Directors
CATCH Prep Charter High, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CATCH Prep Charter High, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CATCH Prep Charter High, Inc. as of June 30, 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 supplementary information identified in the table of contents as required by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel (the Guide) 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 GAAS. In our opinion, the 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 15, 2023 on our consideration of the 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 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 School's internal control over financial reporting and compliance.

**Glendale, California
December 15, 2023**

CATCH Prep Charter High, Inc.
Statement of Financial Position
June 30, 2023

ASSETS

Current assets

Unrestricted cash	\$	3,147,364
Accounts receivable		448,276
Deposits and other assets		25,742
		3,621,382
Total current assets		3,621,382

Noncurrent assets

Property and equipment, net		7,327
		7,327
Total assets	\$	3,628,709

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$	21,437
Accrued payroll		115,144
Due to government grantor		111,885
Prop 39 overallocation liability, current portion		115,301
		363,767
Total current liabilities		363,767

Noncurrent liabilities

Prop 39 overallocation liability, net of current portion		25,163
		25,163
Total liabilities		388,930

Net assets

Without donor restrictions		3,239,779
		3,239,779
Total liabilities and net assets	\$	3,628,709

See notes to financial statements.

CATCH Prep Charter High, Inc.
Statement of Activities
Year ended June 30, 2023

Revenues without donor restrictions		
State support	\$	2,914,993
Federal support		266,684
Local and other revenues		80,123
		<u>3,261,800</u>
	Total revenues without donor restrictions	
Functional expenses		
School operations		
Salaries		1,331,873
Employee benefits		505,692
Books and supplies		61,090
Depreciation and amortization		3,144
Services and other operating expenses		827,865
	Total school operations expenses	<u>2,729,664</u>
Administration		
Salaries		20,282
Employee benefits		7,701
Services and other operating expenses		12,607
	Total administration expenses	<u>40,590</u>
	Total functional expenses	<u>2,770,254</u>
Other expenses		
Prop 39 overallocation expense		85,105
	Total expenses	<u>2,855,359</u>
	Change in net assets without donor restrictions	406,441
Net assets without donor restrictions		
Beginning of year		<u>2,833,338</u>
End of year	\$	<u>3,239,779</u>

See notes to financial statements.

CATCH Prep Charter High, Inc.
Statement of Cash Flows
Year ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 406,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,144
Changes in operating assets and liabilities:	
Decrease in accounts receivable	400,930
Increase in deposits and other assets	(14,477)
Decrease in accounts payable and accrued expenses	(54,218)
Decrease in accrued payroll	(25,320)
Increase in due to government grantor	111,885
Increase in prop 39 overallocation liability	54,909
Net cash provided by operating activities	<u>883,294</u>
Net increase in cash	883,294
Cash, beginning year	<u>2,264,070</u>
Cash, end of year	<u>\$ 3,147,364</u>

See notes to financial statements.

NOTE 1 ORGANIZATION PROFILE

CATCH Prep Charter High, Inc. (the School) is a California nonprofit public benefit corporation. It is also a non-tuition, accredited Los Angeles Unified School District charter high school providing students in grades 9-12 with a choice of quality education. The School's mission is to provide every student with an education that fosters critical thinking and the development of artistic talents, interests, and strengths by developing a learning environment that incorporates the performing arts, computer technology, and real-life cooperative experiences within the community. The foundation of the School's program is to educate the youth through community-based and inclusive partnerships among students, teachers, parents, and businesses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the School to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the School.

Net assets with donor restrictions – Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023, the School has no net assets with donor restrictions.

When a 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 statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The School considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2023, the School held no cash equivalents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the properties as follows:

Computer equipment	3 Years
School van	5 Years
Sound equipment	3 Years
Software	3 Years
Tenant improvements	Life of lease or asset, whichever is shorter

The School reviews the carrying amount of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No impairment provisions were recorded by the School for the year ended June 30, 2023.

Operating Revenue

The School's main revenue is received from a combination of general-purpose state apportionments, local property taxes, and other local sources. The School's base revenue limit is the amount of the general purpose tax revenue, per average daily attendance (ADA), that the School is entitled to by law. This amount is multiplied by the second-period ADA to derive the School's total entitlement.

Los Angeles County (the County) is responsible for assessing, collecting, and apportioning property taxes. The amount of the School's allocated property tax revenue is then reported to the California Department of Education. The California Department of Education reduces the School's entitlement by the School's local property tax revenue. The balance is paid from the State General Fund and is known as the State Apportionment. Property taxes are recorded as local revenue by the School.

The School also receives federal and state grants based on various granting criteria. Revenue not related to educational and instructional services are reported as other revenues.

Functional Allocation of Expenses

The costs of providing various program services and supporting activities of the School are allocated on a functional basis. Expenses that can be identified with a specific program are allocated directly to the function benefited. Certain costs are allocated among the program services and supporting services based on estimates of employees' time incurred and usage of resources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Significant expense categories that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Employee benefits	Time and effort
Services and other operating expenses	Time and effort

Income Taxes

The School is a nonprofit corporation exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes.

U.S. GAAP requires the School to recognize and record the financial impact of uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. It also provides guidance on derecognition, classification, interest, and penalties on income taxes, accounting in interim periods, and requires additional disclosures. At June 30, 2023, the School did not recognize any uncertain tax position.

The School's federal and state income tax returns are subject to examination by the regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively. The School's tax returns for 2018 and subsequent tax years remain subject to examination.

Concentration of Investment and Credit Risks

Financial instruments that potentially expose the School to concentrations of investment and credit risks consist of cash and cash equivalents and accounts receivable. Cash and cash equivalents are placed with the Los Angeles County Treasury (County Treasury) and other high-credit, quality financial institutes. The School has not experienced any losses in such accounts and believes it is not exposed to significant investment and credit risks. In addition, 100% of accounts receivable are from federal, state, and local government agencies. Accordingly, the probability of default is generally reduced or the occurrence of a significant increase in credit risk is avoided.

Fair Value Measurement

The School follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. ASC 820 creates a single definition of fair value for financial reporting. The rules associated with ASC 820 state that valuation techniques consistent with the market approach, income approach, and/or cost approach should be used to estimate fair value. Selection of a valuation technique, or multiple valuation techniques, depends on the nature of the asset or liability being valued, as well as the availability of data.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset and liability as of the measurement date.

The three levels are defined as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The School's financial assets and liabilities include primarily cash, accounts receivable, and accounts payable. The School uses the following methods and assumptions to estimate the fair value of each class of financial assets and liabilities for which it is practicable to estimate such value:

Cash - The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts receivable - The carrying amount of accounts receivable approximates fair value because of their short-term nature and historical collectibility.

Accounts payable - The carrying amount of accounts payable approximates fair value because of the short-term nature of the obligations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement (Continued)

Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. While the School adopted Topic 842 on July 1, 2022, the adoption of new lease standards did not have a material impact on the School's financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2023, the following table shows the total financial assets held by the School and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end

Cash	\$ 3,147,364
Accounts receivable	448,276
Financial assets available to meet general expenditures over the next 12 months	\$ 3,595,640

The School's goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 4 CASH

Unrestricted cash at June 30, 2023 consists of:

Cash in bank	\$ 107,374
County Treasury	3,039,990
	\$ 3,147,364

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, expected to be collected in full, consists of:

State support	\$ 138,863
Federal support	309,413
	\$ 448,276

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 consists of:

Computer equipment	\$	119,679
Software		12,900
School van		15,000
Sound equipment		5,400
Tenant improvements		15,000
		167,979
Less: accumulated depreciation and amortization		160,652
	\$	7,327

Depreciation and amortization for property and equipment amounted to \$3,144 during the year ended June 30, 2023.

NOTE 7 PENSION PLANS

The School contributes to the California State Teachers' Retirement System (CalSTRS). All full-time certificated teachers are required to deposit 10.25% of their pre-tax salary. The School's contribution rate was 19.10% of the pre-tax salary of its teachers, which amounted to approximately \$173,000 for fiscal year 2023. The School's salaries covered by CalSTRS for the year ended June 30, 2023 were approximately \$903,000.

The School also contributes to the California Public Employees Retirement System (CalPERS). Full-time classified employees are eligible to participate in CalPERS and are mandated to contribute 8% of their pre-tax salary. The School's contribution rate was 25.37% of the pre-tax salary of its employees, which amounted to approximately \$112,000 for fiscal year 2023. The School's salaries covered by CalPERS for the year ended June 30, 2023 were approximately \$441,000.

NOTE 8 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The School does not anticipate losses from these transactions.

Lease

The School leases its facility through a co-location charter school facilities use agreement with the Los Angeles Unified School District which must be renewed annually. In April 2022, the agreement was renewed until June 30, 2023, at a base annual lease payment of \$220,862, and in May 2023, the agreement was renewed until June 30, 2024, at a base annual lease payment of \$211,229. For the year ended June 30, 2023, the School recorded \$220,862 in rent expense that was related to this facility lease arrangement.

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants

The School receives financial assistance from agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the State Office of Auditor of Accounts. Any disallowed claims resulting from such audits could become a liability of the School. The School's administration believes such disallowance, if any, would be immaterial.

Litigation

The School is, from time to time, the subject of litigation, claims, and assessments arising out of matters occurring in its normal business operations. The School has insurance coverage against certain contingencies. In the opinion of management, the resolution of these matters will not have a material adverse effect on the School's financial position or results of operations.

NOTE 9 PROPOSITION 39 OVERALLOCATION

Proposition 39 ("Prop. 39") is a California state law passed in 2000 that requires school districts to make facilities (including both classroom and non-classroom spaces) available to public charter schools serving students who reside in the district. The School was granted a "co-located" space on a Los Angeles Unified School District (LAUSD) campus based on an estimated amount of space the School would need. The School must assess annually and notify LAUSD when it anticipates that it will have overallocated Prop. 39 space. An overallocation liability arises when the School overestimates its enrollment.

In 2019, LAUSD officials opened claims against co-located charter schools, including the School, requesting that charter schools should be held accountable when they take more space than they are entitled to receive. In February 2022, LAUSD claims against the School were resolved and the School agreed to pay LAUSD \$95,620 for overallocated space relating to the 2016-17 and 2019-20 school years.

In 2023, the School incurred overallocated expenses amounting to \$85,105. At June 30, 2023, the current and long-term portions of the overallocated Prop 39 liability were \$115,301 and \$25,163, respectively.

NOTE 10 SUBSEQUENT EVENTS

The School has evaluated events or transactions that occurred subsequent to June 30, 2023, through December 15, 2023, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent events require disclosure or adjustment to the accompanying financial statements other than the matter described in Note 8.

SUPPLEMENTARY INFORMATION

CATCH Prep Charter High, Inc.
Schedule of Revenues and Expenses – Budget and Actual
Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Positive/ (Negative) Variance</u>
Revenues			
Revenue limit sources	\$ 2,837,474	\$ 2,206,707	\$ (630,767)
Federal revenues	112,275	266,684	154,409
Other state revenues	42,991	708,286	665,295
Local and other revenues	126,861	80,123	(46,738)
Total revenues	<u>3,119,601</u>	<u>3,261,800</u>	<u>142,199</u>
Expenses			
Salaries	1,549,000	1,352,155	196,845
Employee benefits	553,214	513,393	39,821
Books and supplies	130,000	61,090	68,910
Services and operating expenses	448,000	840,472	(392,472)
Depreciation and amortization	2,000	3,144	(1,144)
Prop 39 overallocation expense	-	85,105	(85,105)
Total expenses	<u>2,682,214</u>	<u>2,855,359</u>	<u>(173,145)</u>
Change in net assets	437,387	406,441	(30,946)
Net assets			
Beginning of year	2,833,338	2,833,338	-
End of year	<u>\$ 3,270,725</u>	<u>\$ 3,239,779</u>	<u>\$ (30,946)</u>

See Independent Auditor's Report and notes to supplementary information.

CATCH Prep Charter High, Inc.
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	<u>Second Period Report</u>	<u>Annual Report</u>
Classroom-based ADA Grades 9 through 12	<u>141.13</u>	<u>141.13</u>

See Independent Auditor's Report and notes to supplementary information.

**CATCH Prep Charter High, Inc.
Schedule of Instructional Time
Year Ended June 30, 2023**

Grade Level	2022-23 Minutes Requirement	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multi-track Calendar	Status
9 -12	64,800	79,990	180	0	In Compliance

See Independent Auditor's Report and notes to supplementary information.

CATCH Prep Charter High, Inc.
Schedule of Financial Trends and Analysis
(Dollar Amounts in Thousands Except for ADA Information)
Year ended June 30, 2023

	<u>Budget</u> <u>2023 - 2024</u>	<u>Actual</u> <u>2022 - 2023</u>	<u>Actual</u> <u>2021 - 2022</u>	<u>Actual</u> <u>2020 - 2021</u>
Revenues	\$ 3,153	\$ 3,262	\$ 3,876	\$ 3,286
Expenses	<u>2,544</u>	<u>2,855</u>	<u>3,012</u>	<u>2,242</u>
Change in net assets	<u>\$ 609</u>	<u>\$ 407</u>	<u>\$ 864</u>	<u>\$ 1,043</u>
Net assets, end of year	<u>\$ 3,642</u>	<u>\$ 3,240</u>	<u>\$ 2,833</u>	<u>\$ 1,970</u>
Net assets, unrestricted	<u>\$ 3,642</u>	<u>\$ 3,240</u>	<u>\$ 2,833</u>	<u>\$ 1,970</u>
Unrestricted net assets as a percentage of expenses	<u>143.16%</u>	<u>113.49%</u>	<u>94.06%</u>	<u>87.87%</u>
Total long-term liabilities	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 55</u>	<u>\$ -</u>
Average daily attendance	<u>141.20</u>	<u>141.13</u>	<u>183.99</u>	<u>161.79</u>

See Independent Auditor's Report and notes to supplementary information.

CATCH Prep Charter High, Inc.
Reconciliation of Annual Financial Report with Audited Financial Statements
Year ended June 30, 2023

June 30, 2023 Annual Financial Report	
Fund balance (net assets)	\$ <u>3,148,592</u>
Adjustments	
Understatement in reported revenues	103,339
Understatement in reported expenses	<u>(12,152)</u>
Total adjustments for fiscal year 2023	<u>91,187</u>
June 30, 2023 Audited Financial	
Fund balance (net assets)	\$ <u><u>3,239,779</u></u>

See Independent Auditor's Report and notes to supplementary information.

NOTE 1 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 school entities. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

NOTE 2 SCHEDULE OF INSTRUCTIONAL TIME

This schedule of instructional time displays data by grade level that show the number of instructional minutes specified in Education Code section 46207 and Education Code section 47612 relating to the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the School complied with the instructional minutes and days provisions.

NOTE 3 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

This schedule discloses the School's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

NOTE 4 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the ending fund balance from the unaudited ending balance as reported to Los Angeles Unified School District to the audited ending fund balance.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**The Board of Directors
CATCH Prep Charter High, Inc.**

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 CATCH Prep Charter High, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California
December 15, 2023**



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Independent Auditor's Report on State Compliance

**The Board of Directors
CATCH Prep Charter High, Inc.**

Report on State Compliance

Opinion

We have audited CATCH Prep Charter High, Inc.'s (the School) compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel (the Guide) that could have a direct and material effect on each of the School's state programs for the year ended June 30, 2023.

In our opinion, CATCH Prep Charter High, Inc. complied, in all material respects, with the compliance requirements of the Guide for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 with the Guide. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the School's compliance with the Guide and for the design, implementation, and maintenance of effective internal control over compliance with the compliance requirements of the Guide referred to above.



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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 Guide, but not for the purpose of expressing an opinion on the effectiveness of the School'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 the Guide 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 with the Guide, such that there is a reasonable possibility that material noncompliance with the Guide 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 the Guide 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 Guide. Accordingly, this report is not suitable for any other purpose.

Procedures Performed

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

	<u>Procedures Performed</u>
California Clean Energy Jobs Act	No
After/Before School Education and Safety Program	No
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
Immunizations	No
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant	Yes
Career Technical Education Incentive Grant	No
Expanded Learning Opportunities Program	No
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based Instruction/Independent Study	No
Determination of Funding for Nonclassroom-based Instruction	No
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No



We did not test compliance for California Clean Energy Jobs Act, After/Before School Education and Safety Program, Independent Study-course Based, Immunizations, Career Technical Education Incentive Grant, Nonclassroom-based Instruction/Independent Study, Determination of Funding for Nonclassroom-based Instruction, and Charter School Facility Grant Program because the School did not participate in these programs during the year ended June 30, 2023.

Vasquez & Company LLP

**Glendale, California
December 15, 2023**

Section I – Summary of Audit Results

1. The auditor's report expressed an unmodified opinion on the financial statements of CATCH Prep Charter High, Inc.
2. No control deficiencies were identified during the audit of the financial statements of CATCH Prep Charter High, Inc., which are considered to be significant control deficiencies or material weaknesses.
3. No instances of noncompliance material to the financial statements of CATCH Prep Charter High, Inc. were identified during the audit.

Section II – Financial Statement Findings

None.

Section III – State Compliance Findings

None.

Section IV – Status of Prior Audit Findings

Not applicable.



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Vasquez & Company LLP has over 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.