

WESTSIDE INNOVATIVE SCHOOL HOUSE
CHARTER SCHOOL NUMBERS: 1627 AND 1863
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021



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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Westside Innovative School House
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Westside Innovative School House (the School), a California nonprofit public benefit corporation, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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 a report dated January 30, 2022 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 on 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.



CliftonLarsonAllen LLP

Glendora, California
January 30, 2022

WESTSIDE INNOVATIVE SCHOOL HOUSE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	WISH Community School	WISH Academy High School	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,589,638	\$ 83,795	\$ 1,673,433
Accounts Receivable	1,804,890	945,132	2,750,022
Prepaid Expenses and Other Assets	121,899	132,001	253,900
Total Current Assets	3,516,427	1,160,928	4,677,355
LONG-TERM ASSETS			
Property, Plant, and Equipment, Net	8,597	40,605	49,202
Total Long-Term Assets	8,597	40,605	49,202
Total Assets	\$ 3,525,024	\$ 1,201,533	\$ 4,726,557
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 270,111	\$ 181,082	\$ 451,193
Deferred Revenue	343,178	146,209	489,387
Revolving Loan Payable, Current Portion	-	46,872	46,872
Notes Payable, Current Portion	852,240	568,160	1,420,400
Total Current Liabilities	1,465,529	942,323	2,407,852
LONG-TERM LIABILITIES			
Revolving Loan Payable	-	46,885	46,885
Total Long-Term Liabilities	-	46,885	46,885
Total Liabilities	1,465,529	989,208	2,454,737
NET ASSETS			
Without Donor Restriction	2,059,495	212,325	2,271,820
Total Net Assets	2,059,495	212,325	2,271,820
Total Liabilities and Net Assets	\$ 3,525,024	\$ 1,201,533	\$ 4,726,557

See accompanying Notes to Financial Statements.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	WISH Community School	WISH Academy High School	Total
REVENUES, WITHOUT DONOR RESTRICTION			
State Revenue:			
State Aid	\$ 4,267,900	\$ 1,872,581	\$ 6,140,481
Other State Revenue	822,019	284,626	1,106,645
Federal Revenue:			
Grants and Entitlements	607,393	258,500	865,893
Local Revenue:			
Contributions	1,095,382	551,248	1,646,630
Property Tax Revenue	2,107,035	726,875	2,833,910
Other Revenue	22,418	443	22,861
Total Revenues, Without Donor Restriction	<u>8,922,147</u>	<u>3,694,273</u>	<u>12,616,420</u>
EXPENSES			
Program Services	6,567,839	3,032,543	9,600,382
Management and General	1,258,802	481,854	1,740,656
Fundraising	123,922	2,209	126,131
Total Expenses	<u>7,950,563</u>	<u>3,516,606</u>	<u>11,467,169</u>
CHANGE IN NET ASSETS	971,584	177,667	1,149,251
Net Assets Without Donor Restriction - Beginning of Year	<u>1,087,911</u>	<u>34,658</u>	<u>1,122,569</u>
NET ASSETS WITHOUT DONOR RESTRICTION - END OF YEAR	<u><u>\$ 2,059,495</u></u>	<u><u>\$ 212,325</u></u>	<u><u>\$ 2,271,820</u></u>

See accompanying Notes to Financial Statements.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

WISH Community School				
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 4,175,881	\$ 405,088	\$ 88,798	\$ 4,669,767
Pension Expense	610,423	11,125	150	621,698
Employee Benefits	468,719	45,468	9,969	524,156
Payroll Taxes	52,561	20,040	5,104	77,705
Books and Supplies	189,829	-	-	189,829
Management Fees	-	490,789	-	490,789
Legal Expenses	-	33,000	-	33,000
Accounting Expenses	-	7,811	-	7,811
Office Expenses	-	32,546	-	32,546
Travel	5,534	-	-	5,534
Operation and Housekeeping Services	386,800	56,525	-	443,325
Rental, Leases, and Repairs	557,154	9,395	-	566,549
Interest	-	8,522	-	8,522
Depreciation	8,298	-	-	8,298
Insurance	-	76,470	-	76,470
Other Expenses	112,640	62,023	19,901	194,564
Total Functional Expenses	<u>\$ 6,567,839</u>	<u>\$ 1,258,802</u>	<u>\$ 123,922</u>	<u>\$ 7,950,563</u>

WISH Academy High School				
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,028,584	\$ 127,583	\$ -	\$ 2,156,167
Pension Expense	293,556	3,832	-	297,388
Employee Benefits	178,051	13,370	-	191,421
Payroll Taxes	37,441	7,896	-	45,337
Books and Supplies	66,401	-	-	66,401
Management Fees	-	144,189	-	144,189
Legal Expenses	-	19,238	-	19,238
Accounting Expenses	-	2,889	-	2,889
Office Expenses	-	10,307	-	10,307
Travel	14,061	-	-	14,061
Operation and Housekeeping Services	87,496	28,344	-	115,840
Rental, Leases, and Repairs	269,188	1,955	-	271,143
Interest	-	7,001	-	7,001
Depreciation	18,784	-	-	18,784
Insurance	-	28,045	-	28,045
Other Expenses	38,981	87,205	2,209	128,395
Total Functional Expenses	<u>\$ 3,032,543</u>	<u>\$ 481,854</u>	<u>\$ 2,209</u>	<u>\$ 3,516,606</u>

Total				
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 6,204,465	\$ 532,671	\$ 88,798	6,825,934
Pension Expense	903,979	14,957	150	919,086
Employee Benefits	646,770	58,838	9,969	715,577
Payroll Taxes	90,002	27,936	5,104	123,042
Books and Supplies	256,230	-	-	256,230
Management Fees	-	634,978	-	634,978
Legal Expenses	-	52,238	-	52,238
Accounting Expenses	-	10,700	-	10,700
Office Expenses	-	42,853	-	42,853
Travel	19,595	-	-	19,595
Operation and Housekeeping Services	474,296	84,869	-	559,165
Rental, Leases, and Repairs	826,342	11,350	-	837,692
Interest	-	15,523	-	15,523
Depreciation	27,082	-	-	27,082
Insurance	-	104,515	-	104,515
Other Expenses	151,621	149,228	22,110	322,959
Total Functional Expenses	<u>\$ 9,600,382</u>	<u>\$ 1,740,656</u>	<u>\$ 126,131</u>	<u>\$ 11,467,169</u>

See accompanying Notes to Financial Statements.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	WISH Community School	WISH Academy High School	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 971,584	\$ 177,667	\$ 1,149,251
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	8,298	18,784	27,082
Change in Operating Assets:			
Accounts Receivable	(1,112,726)	(771,920)	(1,884,646)
Prepaid Expenses and Other Assets	(76,422)	(122,151)	(198,573)
Change in Operating Liabilities:			
Accounts Payable and Accrued Liabilities	11,879	104,445	116,324
Deferred Revenue	343,178	146,209	489,387
Net Cash Provided (Used) by Operating Activities	<u>145,791</u>	<u>(446,966)</u>	<u>(301,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant, and Equipment	<u>(3,061)</u>	<u>(1,881)</u>	<u>(4,942)</u>
Net Cash Used by Investing Activities	(3,061)	(1,881)	(4,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Debt	<u>(1,238)</u>	<u>(47,697)</u>	<u>(48,935)</u>
Net Cash Used by Financing Activities	<u>(1,238)</u>	<u>(47,697)</u>	<u>(48,935)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	141,492	(496,544)	(355,052)
Cash and Cash Equivalents - Beginning of Year	<u>1,448,146</u>	<u>580,339</u>	<u>2,028,485</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,589,638</u>	<u>\$ 83,795</u>	<u>\$ 1,673,433</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash Paid for Interest	<u>\$ 8,522</u>	<u>\$ 7,001</u>	<u>\$ 15,523</u>

See accompanying Notes to Financial Statements.

WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Westside Innovative School House (the School) is a nonprofit benefit corporation under the laws of the state of California for the purpose of managing and operating public charter schools located in Los Angeles. The School is economically dependent on state and federal funding.

The charter may be revoked by the State of California Department of Education for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Net Asset Classes

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The School is required by law to receive in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the School has conditional grants of \$1,866,243 of which \$489,387 is recognized as deferred revenue in the statement of financial position.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Evaluation of Subsequent Events

The School has evaluated subsequent events through January 30, 2022, the date these financial statements were available to be issued.

WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

As of June 30, 2021, financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$4,423,455.

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY AND EQUIPMENT

The components of property and equipment as of June 30, 2021 are as follows:

Leasehold Improvements	\$ 12,900
Equipment, Furniture and Fixtures	<u>329,332</u>
Total	342,232
Less: Accumulated Amortization	<u>(293,030)</u>
Total Property, Plant, and Equipment	<u><u>\$ 49,202</u></u>

Depreciation expense was \$27,082 for the year ended June 30, 2021.

NOTE 5 LONG-TERM DEBT

California Department of Education Loan

The School received a revolving loan from the California Department of Education (CDE) in the amount of \$250,000 in 2017. The loan requires annual principal payments of \$46,872. The loan matures in 2023 and carries an interest rate of 1.05%. Annual payments of principal and interest are deducted from the School's apportionment.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Payroll Protection Program Loan

The School obtained a loan in the amount of \$1,420,400 through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in 2021. Principal and interest payments will be required through the maturity date in 2022.

The loan repayments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,467,272
2023	46,885
Total	<u>\$ 1,514,157</u>

NOTE 6 RETIREMENT PLANS

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multiemployer defined benefit pension plans are different from single employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 RETIREMENT PLANS (CONTINUED)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2020 total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2021 was 16.15% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The School's contributions to STRS for the past three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2019	\$ 685,991	100%
2020	\$ 858,403	100%
2021	\$ 909,652	100%

403(b) Tax Deferred Annuity Plan

The School sponsors a tax-deferred annuity plan (the Plan) qualified under Internal Revenue Code Section 403(b) covering substantially all full-time employees. The plan provides that full-time employees may voluntarily contribute their earnings to the Plan, up to the maximum contribution allowed by the Internal Revenue Service. The School matches the contributions of classified employees up to 2%. During the year ended June 30, 2021, the School made matching contributions to the plan of \$9,434.

WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 FACILITY USE AGREEMENTS

WISH Community

The School has entered into a Facilities Use Agreement with Los Angeles Unified School District (LAUSD) for the sole purpose of operating WISH Community Elementary School (located at 6550 W. 80th Street, Los Angeles, California) education programs and related charter school activities. The terms of this agreement are renewed annually and includes rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2021 was \$308,506.

The School has entered into a Facilities Use Agreement with LAUSD for the sole purpose of operating WISH Community Middle School (located at 7400 W. Manchester Avenue, Los Angeles, California) education programs and related charter school activities. The terms of this agreement are renewed annually and includes rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2021 was \$180,725.

WISH Academy

The School has entered into a Facilities Use Agreement with LAUSD for the sole purpose of operating WISH Academy High School (located at 7400 W. Manchester Avenue, Los Angeles, California) education programs and related charter school activities. The terms of this agreement are renewed annually and includes rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2021 was \$138,923.

NOTE 8 CONTINGENCIES AND COMMITMENTS

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

The extent of the impact of COVID-19 on the operational and financial performance of the School will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of the School is uncertain.

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, books and supplies, dues and memberships, travel and conferences, operation and housekeeping services, rental, leases and repairs, communications, operating expenditures, and direct support/indirect cost charges, which are allocated on the basis of estimates of time and effort and direct allocation.

**WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 SUBSEQUENT EVENT – PPP LOAN FORGIVENESS

In August 2021, the principal amount of \$1,420,400, along with accrued interest of \$18,134 was forgiven by the financial institution and U.S. Small Business Administration.

SUPPLEMENTARY INFORMATION

**WESTSIDE INNOVATIVE SCHOOL HOUSE
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021**

The School was established in 2010, when it was granted its charters through the Los Angeles Unified School District (the Sponsor) and its charter school status from the California Department of Education. The charter may be revoked by the Sponsor for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Charter School number authorized by the state:

WISH Community School – 1627
WISH Academy Charter School – 1863

The board of directors and the administrators as of the year ended June 30, 2021 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (2 year terms)</u>
Danelle Fisher	President	June 30, 2022
Suzanne Goldstein	Vice President and Secretary	June 30, 2021
Miles Remer	Treasurer	June 30, 2022
Victoria Graf	Director	June 30, 2021
Mary McCullough	Director	June 30, 2022
Matthew Swanlund	Director	June 30, 2022
Benjamin Tysch	Director	June 30, 2021
Karina Fedasz	Director	June 30, 2022

ADMINISTRATORS

Shawna Draxton	Executive Director
Jennie Brook	Financial Manager

**WESTSIDE INNOVATIVE SCHOOL HOUSE
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	Instructional Days	Status
K	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

See accompanying Notes to Supplementary Information

**WESTSIDE INNOVATIVE SCHOOL HOUSE
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

WESTSIDE INNOVATIVE SCHOOL HOUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	WISH Community School	WISH Academy High School	Total
U.S. Department of Education					
Pass-Through Program from					
California Department of Education:					
No Child Left Behind Act					
Title I, Part A, Basic Grants:					
Low-Income and Neglected	84.010	14329	\$ 50,420	\$ 21,038	\$ 71,458
Title II, Part A, Teacher Quality	84.367	14341	11,933	4,479	16,412
Comprehensive Support and Improvement	84.010A	N/A	10,000	10,000	20,000
Special Education Cluster - IDEA	84.027	13379	152,953	52,136	205,089
Governor's Emergency Education Relief Fund	84.425C	15517	52,901	22,081	74,982
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	29,990	21,748	51,738
<i>Total U.S Department of Education</i>			<u>308,197</u>	<u>131,482</u>	<u>439,679</u>
U.S. Department of Agriculture					
Pass-Through Program from					
California Department of Education:					
Child Nutrition Cluster	10.553, 10.5555	13396	6,128	3,121	9,249
<i>Total U.S Department of Agriculture</i>			<u>6,128</u>	<u>3,121</u>	<u>9,249</u>
U.S. Department of the Treasury					
Pass-Through Program from					
California Department of Education:					
Coronavirus Relief Fund	21.019	25516	293,068	123,897	416,965
<i>Total U.S Department of the Treasury</i>			<u>293,068</u>	<u>123,897</u>	<u>416,965</u>
Total Federal Expenditures			<u>\$ 607,393</u>	<u>\$ 258,500</u>	<u>\$ 865,893</u>

NA - Not applicable or not available.

See accompanying Notes to Supplementary Information

**WESTSIDE INNOVATIVE SCHOOL HOUSE
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the Education Code.

NOTE 2 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

NOTE 3 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the 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 operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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 for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10% de minimus indirect cost rate allowed under Uniform Guidance.



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

Board of Directors
Westside Innovative School House
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Westside Innovative School House (the School), a nonprofit California public benefit corporation, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated January 30, 2022.

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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

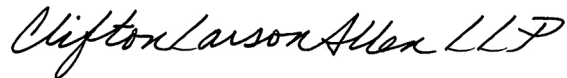
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.



CliftonLarsonAllen LLP

Glendora, California
January 30, 2022



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

Board of Directors
Westside Innovative School House
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Westside Innovative School House (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School 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, 2021.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



CliftonLarsonAllen LLP

Glendora, California
January 30, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Westside Innovative School House
Los Angeles, California

We have audited Westside Innovative School House's (the School) compliance with the types of compliance requirements described in the *2020-2021 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, 2021. The School's state compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. 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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Office of Education, and Charter Schools:	
California Clean Energy Jobs Act	No
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Course Based Independent Study	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
January 30, 2022

**WESTSIDE INNOVATIVE SCHOOL HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**WESTSIDE INNOVATIVE SCHOOL HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

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 Program
43000	Apprenticeship
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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*, the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, or 2 CRF 200.516(a).

**WESTSIDE INNOVATIVE SCHOOL HOUSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

