



Financial Statements
June 30, 2024

Bright Star Schools

Stella Elementary Charter Academy (SECA)
(Charter Number 1866)

Stella Middle Charter Academy (SMCA)
(Charter Number 0535)

Bright Star Secondary Charter Academy (BSSCA)
(Charter Number 0826)

Rise Kohyang Elementary School (RKES)
(Charter Number 1927)

Rise Kohyang Middle School (RKMS)
(Charter Number 1315)

Rise Kohyang High School (RKHS)
(Charter Number 1786)

Valor Academy Elementary School (VAES)
(Charter Number 1787)

Valor Academy Middle School (VAMS)
(Charter Number 1095)

Valor Academy High School (VAHS)
(Charter Number 1539)

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Independent Auditor's Report

Governing Board
Bright Star Schools
(California Nonprofit Public Benefit Corporations)
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bright Star Schools (BSS) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Bright Star Schools as of June 30, 2024, 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 BSS 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 BSS' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BSS' 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 BSS' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor’s report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2024 on our consideration of BSS’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BSS’ 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 BSS’ internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 14, 2024

Bright Star Schools
Statement of Financial Position
June 30, 2024

Assets	
Current assets	
Cash	\$ 36,631,065
Restricted cash	21,417,282
Receivables	13,797,101
Prepaid expenses	<u>810,849</u>
Total current assets	<u>72,656,297</u>
Non-current assets	
Security deposit	108,346
Property and equipment	97,691,778
Operating lease right-of-use asset	<u>38,832,495</u>
Total non-current assets	<u>136,632,619</u>
Total assets	<u><u>\$ 209,288,916</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 3,391,061
Refundable advance	95,329,521
Due to BSEG	6,150
Note payable	2,488,046
Current portion of operating lease liability	<u>904,774</u>
Total current liabilities	<u>102,119,552</u>
Long-term liabilities	
Operating lease liability, less current portion	<u>35,362,488</u>
Total liabilities	<u>137,482,040</u>
Net Assets	
Without donor restrictions	68,188,253
Without donor restrictions - board designated	<u>3,618,623</u>
Total net assets	<u>71,806,876</u>
Total liabilities and net assets	<u><u>\$ 209,288,916</u></u>

Bright Star Schools
Statement of Activities
June 30, 2024

	Without Donor Restrictions
Support and revenues	
Local Control Funding Formula	\$ 53,247,089
Federal revenue	6,700,026
Other state revenue	19,703,270
Contributions	60,293
Interest and dividend revenue	1,068,230
Local revenues	
Other revenues	724,756
Total support and revenues	81,503,664
Expenses	
Program services	73,799,001
Management and general	6,154,272
Total expenses	79,953,273
Change in Net Assets	1,550,391
Net Assets, Beginning of Year	70,256,485
Net Assets, End of Year	\$ 71,806,876

Bright Star Schools
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Management and General	Total Expenses
Salaries	\$ 38,022,458	\$ 2,789,619	\$ 40,812,077
Employee benefits	6,047,096	235,717	6,282,813
Payroll taxes	5,904,932	246,776	6,151,708
Fees for services	7,581,317	578,922	8,160,239
Advertising and promotions	13,475	462,480	475,955
Office expenses	590,873	17,976	608,849
Information technology	885,300	302,172	1,187,472
Occupancy	5,442,369	76,895	5,519,264
Travel	699,904	4,903	704,807
Depreciation and amortization	596,869	-	596,869
Insurance	688,528	15,912	704,440
Other expenses	74,148	27,831	101,979
Equipment	312,739	2,883	315,622
Professional development	378,368	637,364	1,015,732
Professional and business fees	257,671	378,189	635,860
Student service	2,061,926	122	2,062,048
Fundraising expense	84,353	-	84,353
Instructional materials	1,679,532	21,156	1,700,688
Legal and audit	84,572	287,476	372,048
Communication	602,151	67,879	670,030
Utilities	444,787	-	444,787
Management fees	1,345,633	-	1,345,633
	<u>\$ 73,799,001</u>	<u>\$ 6,154,272</u>	<u>\$ 79,953,273</u>
Total			

Bright Star Schools
Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities	
Change in net assets	\$ 1,550,391
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation and amortization expense	596,869
Changes in operating assets and liabilities	
Receivables	(2,628,073)
Prepaid expenses	(137,836)
Security deposits	61,398
Accounts payable	(4,242,246)
Refundable advance	35,573,699
Operating lease assets and liabilities	(876,460)
Due to BSEG	(187,706)
	<u>29,710,036</u>
Net Cash from Operating Activities	
Investing Activities	
Purchases of property and equipment	<u>(25,215,236)</u>
Financing Activities	
Proceeds from issuance of notes payable	<u>1,004,426</u>
Net Change in Cash and Restricted Cash	5,499,226
Cash and Restricted Cash, Beginning of Year	<u>52,549,121</u>
Cash and Restricted Cash, End of Year	<u>\$ 58,048,347</u>
Cash	\$ 36,631,065
Cash restricted for construction	<u>21,417,282</u>
Total Cash and Restricted Cash	<u>\$ 58,048,347</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Bright Star Schools (BSS) was incorporated in the State of California in 2002 as Stella Middle Charter Academy and renamed in 2005, as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law.

BSS provides services such as education, encompassing instruction, student and staff support activities, facilities maintenance and operations, and food services. Supporting services include management and general services which are BSS' overall related administrative activities.

BSS is comprised of the following charter schools and related business operations:

- Stella Middle Charter Academy (SMCA)
- Bright Star Secondary Charter Academy (BSSCA)
- Rise Kohyang Elementary School (RKES)
- Rise Kohyang Middle School (RKMS)
- Rise Kohyang High School (RKHS)
- Valor Academy Elementary School (VAES)
- Valor Academy Middle School (VAMS)
- Valor Academy High School (VAHS)
- Stella Elementary Charter Academy (SECA)
- Business Office Team
- General Support
- BSDG 15226 Plummer LLC

The charter schools are funded principally through the State of California public education monies received through the California Department of Education and the Los Angeles Unified School District.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions also include the investment in property and equipment, net accumulated depreciation. BSS’ policy is to designate donor funds without restriction at the discretion of the board of directors. As of June 30, 2024, BSS has designated net assets for a specific purpose of employee retention and recruiting.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. BSS did not have net assets with donor restrictions for the year ended June 30, 2024.

Restricted Cash

Restricted cash in the amount of \$21,417,282 represents the remaining balance of funds received which are limited in use for the payment of costs of constructing and operating new facilities resulting from proceeds of the proposition 51 bonds and proposition 55 bonds.

Concentration of Credit Risk

BSS maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024, BSS had approximately \$56,831,741, in excess of FDIC-insured limits.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as BSS deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2024 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intra-Entity Transactions

Intra-entity transactions result from a net cumulative difference between resources provided by the business office team and general support to each charter school and reimbursement for those resources from each charter school to the business office team and general support. Intra-entity transfers include certain costs of shared liabilities and shared assets between charter schools.

Property and Equipment

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

BSS 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, 2024.

Right-of-Use Leased Assets and Liabilities

Right-of-use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right-of-use an underlying asset and lease obligations for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Revenue and Revenue Recognition

Operating funds for BSS are derived principally from state and federal sources. BSS receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of BSS' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BSS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2024, no conditional contributions, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

BSS received Proposition 1D grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as one-half of the approved project costs paid under the award are reimbursed in the form of a state grant (recorded as proposition construction revenue) and one-half of the approved project costs paid under the award are required to be remitted back to the state in the form of loan payments over a period not to exceed thirty (30) years, when BSS has met certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received prior to meeting performance requirements and incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2024.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function. Each charter reports its own direct program service activities and supporting services that are specifically identifiable to the individual charter. Shared support services are charged to the business office team (BOT) in the financial statements and are allocated to the individual charter schools when they cannot be specifically identifiable to each charter's activity. BSS allocates these support services based on average daily attendance.

Income Taxes

BSS is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and qualifies for the charitable contribution. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. BSS is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, BSS is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. BSS determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that BSS has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. BSS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial Statements in conformity with generally accepted accounting principles requires BSS to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial Statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from and governmental agencies supportive of BSS' mission. Investments are made by diversified investment managers whose performance is monitored by BSS.

Note 2 - Liquidity and Availability

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

Cash	\$ 36,631,065
Receivables	<u>13,797,101</u>
	<u>\$ 50,428,166</u>

As part of BSS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, BSS has committed lines of credit in the amount of \$5,000,000, which it could draw upon. Occasionally, the board will designate a portion of any operating surplus to its operating reserve. As of June 30, 2024, no reserves are recorded.

Note 3 - Property and Equipment

Property and equipment at June 30, 2024, consisted of the following:

Land	\$ 36,847,000
Building/leasehold improvements	1,194,600
Computer equipment	3,429,932
Work in progress	<u>59,438,798</u>
Subtotal	100,910,330
Less: accumulated depreciation	<u>(3,218,552)</u>
	<u><u>\$ 97,691,778</u></u>

During the year ended June 30, 2024, \$596,869 was charged to BSS for depreciation and amortization expense.

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2024:

Note payable in the maximum amount of \$3,036,000, collateralized by real property; located at 15526-15544 Plummer Street, Los Angeles, California with interest of 5.00% per annum due monthly commencing on May 31, 2023, full outstanding principal maturing on August 31, 2024.

\$ 2,488,046

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2025	<u><u>\$ 2,488,046</u></u>

Note 5 - Leases

BSS leases certain real property for the operations of the charter school at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2061 and provide for renewal options ranging through 2071. BSS includes in the determination of the right-of-use assets and lease liabilities any renewal options reasonably certain to be exercised. BSS's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires BSS to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, BSS estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using BSS's applicable borrowing rates and the contractual lease term.

The lease agreements also require BSS to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2024, BSS was in compliance with all ratios and covenants.

BSS has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

BSS elected the practical expedient to not separate lease and non-lease components for real property and equipment leases.

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

Operating lease cost	\$ 1,620,770
Short-term lease cost	\$ 3,926,550

The following table summarizes the supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 2,497,230

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term:	
Operating leases	34.3 Years
Weighted-average discount rate:	
Operating leases	4.29%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024:

	June 30, 2024
	Operating
2025	\$ 2,476,421
2026	2,123,422
2027	2,122,368
2028	2,120,696
2029	2,122,006
Thereafter	55,114,276
Total lease payments	66,079,189
Less interest	(29,811,927)
Present value of lease liabilities	\$ 36,267,262

Note 6 - Net Assets

Net assets consist of the following at June 30, 2024:

Net Assets Without Donor Restrictions	
Designated for employee retention and recruiting	\$ 3,618,623

Note 7 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS).

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

BSS contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers as all plan assets are held by the plan and all benefit obligations are borne by the STRP.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members’ final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

BSS contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required members, BSS and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and BSS’ total contributions were \$4,725,112.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of BSS. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,016,207 (10.828% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 8 - Contingencies, Risks, and Uncertainties

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

BSS's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2025. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 9 - Subsequent Events

BSS' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 14, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



Supplementary Information
June 30, 2024

Bright Star Schools

Bright Star Schools
Schedules of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through the California Department of Education (CDE)			
Education Stabilization Fund			
COVID-19 - Expanded Learning Opportunities (ELO) Grant			
ESSER II State Reserves	84.425D	15618	\$ 920
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	1,850,534
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,779,996
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	182,506
COVID-19 Elementary and Secondary School Emergency ESSER III State Reserve, Learning Loss	84.425U	15621	262,180
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	<u>1,253</u>
Subtotal Education Stabilization Fund			<u>4,077,389</u>
Title I Grants to Local Educational Agencies	84.010	14329	1,461,548
Title IV, Part A - Student Support and Academic Enrichment Grants	84.424	15396	127,456
Title II, Part A - Supporting Effective Instruction	84.367	14341	164,286
Passed Through Los Angeles Unified School District (LAUSD)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	<u>869,347</u>
Subtotal Special Education (IDEA) Cluster			<u>869,347</u>
Total U.S. Department of Education			<u>6,700,026</u>
Total Federal Financial Assistance			<u>\$ 6,700,026</u>

Bright Star Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
Stella Elementary Charter Academy (SECA)		
Regular ADA		
Transitional kindergarten through third	192.80	194.14
Fourth	47.07	46.95
Total Regular ADA	239.87	241.09
Classroom based ADA		
Transitional kindergarten through third	192.80	194.14
Fourth	47.07	46.95
Total Classroom Based ADA	239.87	241.09
Stella Middle Charter Academy (SMCA)		
Regular ADA		
Fifth and sixth	204.88	204.84
Seventh and eighth	233.06	232.61
Total Regular ADA	437.94	437.45
Classroom based ADA		
Fifth and sixth	204.88	204.84
Seventh and eighth	233.06	232.61
Total Classroom Based ADA	437.94	437.45
Bright Star Secondary Charter Academy (BSSCA)		
Regular ADA		
Ninth through twelfth	485.75	480.75
Total Regular ADA	485.75	480.75
Classroom based ADA		
Ninth through twelfth	485.75	480.75
Total Classroom Based ADA	485.75	480.75

Bright Star Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
Rise Kohyang Elementary School (RKES)		
Regular ADA		
Transitional kindergarten through third	187.46	187.27
Fourth	43.29	43.56
Total Regular ADA	<u>230.75</u>	<u>230.83</u>
Classroom based ADA		
Transitional kindergarten through third	187.46	187.27
Fourth	43.29	43.56
Total Classroom Based ADA	<u>230.75</u>	<u>230.83</u>
Rise Kohyang Middle School (RKMS)		
Regular ADA		
Sixth	62.51	64.03
Seventh and eighth	226.40	226.22
Total Regular ADA	<u>288.91</u>	<u>290.25</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.17
Total Regular ADA	<u>288.91</u>	<u>290.42</u>
Classroom based ADA		
Sixth	62.51	64.03
Seventh and eighth	226.40	226.22
Total Classroom Based ADA	<u>288.91</u>	<u>290.25</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.17
Total Regular ADA	<u>288.91</u>	<u>290.42</u>
Rise Kohyang High School (RKHS)		
Regular ADA		
Ninth through twelfth	437.18	432.61
Total Regular ADA	<u>437.18</u>	<u>432.61</u>
Classroom based ADA		
Ninth through twelfth	437.18	432.61
Total Classroom Based ADA	<u>437.18</u>	<u>432.61</u>

Bright Star Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
Valor Academy Elementary School (VAES)		
Regular ADA		
Transitional kindergarten through third	285.34	284.87
Fourth	60.93	61.02
Total Regular ADA	346.27	345.89
Classroom based ADA		
Transitional kindergarten through third	285.34	284.87
Fourth	60.93	61.02
Total Classroom Based ADA	346.27	345.89
Valor Academy Middle School (VAMS)		
Regular ADA		
Fifth and sixth	242.02	241.11
Seventh and eighth	242.58	242.30
Total Regular ADA	484.60	483.41
Classroom based ADA		
Fifth and sixth	242.02	241.11
Seventh and eighth	242.58	242.30
Total Classroom Based ADA	484.60	483.41
Valor Academy High School (VAHS)		
Regular ADA		
Ninth through twelfth	456.33	453.56
Total Regular ADA	456.33	453.56
Classroom based ADA		
Ninth through twelfth	456.33	453.56
Total Classroom Based ADA	456.33	453.56

Bright Star Schools
Schedule of Instructional Time
Year ended June 30, 2024

Stella Elementary Charter Academy (SECA)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	56,970	-	56,970	176	-	-	176	Complied
Grades 1 - 3	50,400								
Grade 1		51,690	-	51,690	176	-	-	176	Complied
Grade 2		56,795	-	56,795	176	-	-	176	Complied
Grade 3		56,795	-	56,795	176	-	-	176	Complied
Grade 4	54,000	56,795	-	56,795	176	-	-	176	Complied

Stella Middle Charter Academy (SMCA)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 5 - 8	54,000								
Grade 5		58,427	-	58,427	176	-	-	176	Complied
Grade 6		58,427	-	58,427	176	-	-	176	Complied
Grade 7		58,427	-	58,427	176	-	-	176	Complied
Grade 8		58,427	-	58,427	176	-	-	176	Complied

Bright Star Secondary Charter Academy (BSSCA)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 9 - 12	64,800								
Grade 9		66,107	-	66,107	176	-	-	176	Complied
Grade 10		66,107	-	66,107	176	-	-	176	Complied
Grade 11		66,107	-	66,107	176	-	-	176	Complied
Grade 12		66,107	-	66,107	176	-	-	176	Complied

Bright Star Schools
Schedule of Instructional Time
Year ended June 30, 2024

Rise Kohyang Elementary School (RKES)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	45,905	-	45,905	176	-	-	176	Complied
Grades 1 - 2	50,400								
Grade 1		54,655	-	54,655	176	-	-	176	Complied
Grade 2		55,734	-	55,734	176	-	-	176	Complied
Grade 3		56,445	-	56,445	176	-	-	176	Complied
Grade 4	54,000	56,445	-	56,445	176	-	-	176	Complied

Rise Kohyang Middle School (RKMS)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 6 - 8	54,000								
Grade 6		56,432	-	56,432	176	-	-	176	Complied
Grade 7		56,276	-	56,276	176	-	-	176	Complied
Grade 8		56,276	-	56,276	176	-	-	176	Complied

Rise Kohyang High School (RKHS)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 9 - 12	64,800								
Grade 9		65,770	-	65,770	176	-	-	176	Complied
Grade 10		65,770	-	65,770	176	-	-	176	Complied
Grade 11		65,770	-	65,770	176	-	-	176	Complied
Grade 12		65,770	-	65,770	176	-	-	176	Complied

Bright Star Schools
Schedule of Instructional Time
Year ended June 30, 2024

Valor Academy Elementary School (VAES)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	59,705	-	59,705	176	-	-	176	Complied
Grades 1 - 3	50,400								
Grade 1		56,185	-	56,185	176	-	-	176	Complied
Grade 2		58,540	-	58,540	176	-	-	176	Complied
Grade 3		58,825	-	58,825	176	-	-	176	Complied
Grades 4	54,000	58,825	-	58,825	176	-	-	176	Complied

Valor Academy Middle School (VAMS)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 5 - 8	54,000								
Grade 5		58,870	-	58,870	176	-	-	176	Complied
Grade 6		58,870	-	58,870	176	-	-	176	Complied
Grade 7		58,690	-	58,690	176	-	-	176	Complied
Grade 8		58,690	-	58,690	176	-	-	176	Complied

Valor Academy High School (VAHS)

Grade Level	1986-87 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 9 - 12	64,800								
Grade 9		66,095	-	66,095	176	-	-	176	Complied
Grade 10		66,095	-	66,095	176	-	-	176	Complied
Grade 11		66,095	-	66,095	176	-	-	176	Complied
Grade 12		66,095	-	66,095	176	-	-	176	Complied

Bright Star Schools
Reconciliation of Annual Financial Report with Audited Financial Statements
Year ended June 30, 2024

	SMCA	BCCSA	RKMS	VAMS	VAHS
Net Assets					
Balance, June 30, 2024, Unaudited Actuals	\$ 4,240,972	\$ 6,688,751	\$ 3,160,993	\$ 5,976,271	\$ 4,233,806
Decrease in					
Receivables	-	-	-	-	-
Intra-entity receivable	(29,600)	(11,576)	-	(17,136)	-
Property and equipment	-	-	-	(1,800)	-
Operating lease right-of-use asset	(66,499)	-	-	(34,832)	-
Accounts payable	12,630	15,907	-	15,602	-
Intra-entity payable	-	-	-	-	26,999
Operating lease liability	201,389	-	-	476,921	212,158
Increase in					
Receivables	-	-	7,735	-	-
Prepays	27,213	3,516	1,677	1,672	3,813
Operating lease right-of-use asset	-	-	-	-	87,323
Refundable advance	(288,889)	-	-	(442,090)	(299,481)
Intra-entity payable	-	-	(422)	-	-
Balance, June 30, 2024,					
Audited Financial Statements	<u>\$ 4,097,216</u>	<u>\$ 6,696,598</u>	<u>\$ 3,169,983</u>	<u>\$ 5,974,608</u>	<u>\$ 4,264,618</u>

	RKHS	VAES	SECA	RKES
Net Assets				
Balance, June 30, 2024, Unaudited Actuals	\$ 34,755,977	\$ 2,878,492	\$ 1,184,724	\$ 1,146,868
Decrease in				
Cash	-	(704,111)	-	-
Receivables	-	-	(170)	-
Intra-entity receivable	(13,919)	-	-	-
Prepays	(459)	(2,483)	-	(1,841)
Property and equipment	-	(6,224,299)	-	-
Accounts payable	13,010	-	-	-
Refundable advance	-	10,080	-	-
Intra-entity payable	-	4,433,149	-	-
Notes payable,, Current portion	-	2,488,046	-	-
Increase in				
Receivables	-	-	-	3,638
Intra-entity receivable	-	-	-	-
Prepays	-	-	934	-
Security deposit	2,764	-	-	-
Intra-entity payable	-	-	7,038	5,631
Balance, June 30, 2024,				
Audited Financial Statements	<u>\$ 34,757,373</u>	<u>\$ 2,878,874</u>	<u>\$ 1,192,526</u>	<u>\$ 1,154,296</u>

Bright Star Schools
Combining Statement of Financial Position
Year Ended June 30, 2024

	General Support	Stella Middle Charter Academy	Bright Star Secondary Charter Academy	Rise Kohyang Middle School	Valor Academy Middle School
Assets					
Current assets					
Cash	\$ 645,060	\$ 4,266,939	\$ 2,461,159	\$ 2,644,701	\$ 3,838,213
Restricted cash	-	-	-	-	-
Receivables	-	2,230,634	2,269,370	1,456,470	2,333,015
Intra-entity receivable	62,774	2,661,882	4,208,830	-	897,085
Prepaid expenses	-	77,945	88,796	85,787	43,651
Total current assets	<u>707,834</u>	<u>9,237,400</u>	<u>9,028,155</u>	<u>4,186,958</u>	<u>7,111,964</u>
Non-current assets					
Security deposit	-	7,332	8,250	-	-
Property and equipment	3,021	448,033	24,370	19,177,935	150,250
Operating lease right-of-use asset	-	13,326,010	-	-	10,915,179
Total non-current assets	<u>3,021</u>	<u>13,781,375</u>	<u>32,620</u>	<u>19,177,935</u>	<u>11,065,429</u>
	<u>\$ 710,855</u>	<u>\$ 23,018,775</u>	<u>\$ 9,060,775</u>	<u>\$ 23,364,893</u>	<u>\$ 18,177,393</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 18,362	\$ 184,925	\$ 236,327	\$ 194,669	\$ 231,611
Refundable advance	-	5,811,637	2,127,850	17,830,584	2,260,882
Intra-entity payable	-	-	-	2,169,657	-
Due to BSEG	-	-	-	-	-
Note payable	-	-	-	-	-
Current portion of operating lease liability	-	204,480	-	-	483,804
Total current liabilities	<u>18,362</u>	<u>6,201,042</u>	<u>2,364,177</u>	<u>20,194,910</u>	<u>2,976,297</u>
Long-term liabilities					
Operating lease liability, less current portion	-	12,720,517	-	-	9,226,488
Total liabilities	<u>18,362</u>	<u>18,921,559</u>	<u>2,364,177</u>	<u>20,194,910</u>	<u>12,202,785</u>
Net Assets					
Without donor restrictions	692,493	3,570,607	6,036,135	3,169,983	5,464,887
Without donor restrictions - board designated	-	526,609	660,463	-	509,721
Total net assets	<u>692,493</u>	<u>4,097,216</u>	<u>6,696,598</u>	<u>3,169,983</u>	<u>5,974,608</u>
Total liabilities and net assets	<u>\$ 710,855</u>	<u>\$ 23,018,775</u>	<u>\$ 9,060,775</u>	<u>\$ 23,364,893</u>	<u>\$ 18,177,393</u>

Bright Star Schools
Combining Statement of Financial Position
Year Ended June 30, 2024

	Valor Academy High School	Rise Kohyang High School	Valor Academy Elementary School	Plummer LLC	Stella Elementary Charter Academy
Assets					
Current assets					
Cash	\$ 4,217,662	\$ 3,720,646	\$ 4,351,513	\$ 714,111	\$ 2,253,742
Restricted cash	-	21,417,282	-	-	-
Receivables	1,537,623	858,324	1,242,210	-	993,880
Intra-entity receivable	-	473,324	-	-	-
Prepaid expenses	63,537	66,908	85,204	-	59,101
Total current assets	5,818,822	26,536,484	5,678,927	714,111	3,306,723
Non-current assets					
Security deposit	-	2,764	90,000	-	-
Property and equipment	237,775	70,896,983	-	6,221,263	154,315
Operating lease right-of-use asset	14,591,306	-	-	-	-
Total non-current assets	14,829,081	70,899,747	90,000	6,221,263	154,315
	\$ 20,647,903	\$ 97,436,231	\$ 5,768,927	\$ 6,935,374	\$ 3,461,038
Liabilities					
Current liabilities					
Accounts payable	\$ 450,156	\$ 609,882	\$ 187,921	\$ 531,639	\$ 76,180
Refundable advance	1,726,775	62,068,976	1,564,664	-	945,664
Intra-entity payable	574,381	-	1,137,468	3,945,267	1,246,668
Due to BSEG	-	-	-	-	-
Note payable	-	-	-	2,488,046	-
Current portion of operating lease liability	216,490	-	-	-	-
Total current liabilities	2,967,802	62,678,858	2,890,053	6,964,952	2,268,512
Long-term liabilities					
Operating lease liability, less current portion	13,415,483	-	-	-	-
Total liabilities	16,383,285	62,678,858	2,890,053	6,964,952	2,268,512
Net Assets					
Without donor restrictions	3,675,036	34,292,420	2,413,924	(29,578)	1,192,526
Without donor restrictions - board designated	589,582	464,953	464,950	-	-
Total net assets	4,264,618	34,757,373	2,878,874	(29,578)	1,192,526
Total liabilities and net assets	\$ 20,647,903	\$ 97,436,231	\$ 5,768,927	\$ 6,935,374	\$ 3,461,038

Bright Star Schools
Combining Statement of Financial Position
Year Ended June 30, 2024

	Rise Kohyang Elementary School	Business Office Team	Eliminations	Total
Assets				
Current assets				
Cash	\$ 2,803,095	\$ 4,714,224	\$ -	\$ 36,631,065
Restricted cash	-	-	-	21,417,282
Receivables	875,575	-	-	13,797,101
Intra-entity receivable	-	2,535,701	(10,839,596)	-
Prepaid expenses	62,162	177,758	-	810,849
Total current assets	<u>3,740,832</u>	<u>7,427,683</u>	<u>(10,839,596)</u>	<u>72,656,297</u>
Non-current assets				
Security deposit	-	-	-	108,346
Property and equipment	377,806	27	-	97,691,778
Operating lease right-of-use asset	-	-	-	38,832,495
Total non-current assets	<u>377,806</u>	<u>27</u>	<u>-</u>	<u>136,632,619</u>
	<u>\$ 4,118,638</u>	<u>\$ 7,427,710</u>	<u>\$ (10,839,596)</u>	<u>\$ 209,288,916</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 205,698	\$ 463,691	\$ -	3,391,061
Refundable advance	992,489	-	-	95,329,521
Intra-entity payable	1,766,155	-	(10,839,596)	-
Due to BSEG	-	6,150	-	6,150
Note payable	-	-	-	2,488,046
Current portion of operating lease liability	-	-	-	904,774
Total current liabilities	<u>2,964,342</u>	<u>469,841</u>	<u>(10,839,596)</u>	<u>102,119,552</u>
Long-term liabilities				
Operating lease liability, less current portion	-	-	-	35,362,488
Total liabilities	<u>2,964,342</u>	<u>469,841</u>	<u>(10,839,596)</u>	<u>137,482,040</u>
Net Assets				
Without donor restrictions	1,154,296	6,555,524	-	68,188,253
Without donor restrictions - board designated	-	402,345	-	3,618,623
Total net assets	<u>1,154,296</u>	<u>6,957,869</u>	<u>-</u>	<u>71,806,876</u>
Total liabilities and net assets	<u>\$ 4,118,638</u>	<u>\$ 7,427,710</u>	<u>\$ (10,839,596)</u>	<u>\$ 209,288,916</u>

Bright Star Schools
Combining Statement of Activities
Year Ended June 30, 2024

	General Support	Stella Middle Charter Academy	Bright Star Secondary Charter Academy	Rise Kohyang Middle School	Valor Academy Middle School
Support and Revenues					
Local Control Funding Formula	\$ -	\$ 6,232,290	\$ 8,323,846	\$ 4,127,292	\$ 6,885,300
Federal revenue	-	1,147,158	859,855	944,757	1,336,626
Other State revenue	-	3,036,088	2,250,572	1,842,934	2,830,640
Contributions	160,207	-	-	716,410	-
Interest revenue	3,442	205,025	192,255	14,059	130,516
Local revenues					
Other revenue	16,460	38,572	238,345	63,938	72,275
Total revenues	180,109	10,659,133	11,864,873	7,709,390	11,255,357
Expenses					
Program services	180,109	9,614,228	10,526,472	7,026,257	8,897,813
Management and general	-	901,170	1,037,356	608,366	997,090
Total expenses	180,109	10,515,398	11,563,828	7,634,623	9,894,903
Change in Net Assets	-	143,735	301,045	74,767	1,360,454
Net Assets, Beginning of Year	692,493	3,953,481	6,395,553	3,095,216	4,614,154
Net Assets, End of Year	<u>\$ 692,493</u>	<u>\$ 4,097,216</u>	<u>\$ 6,696,598</u>	<u>\$ 3,169,983</u>	<u>\$ 5,974,608</u>

Bright Star Schools
Combining Statement of Activities
Year Ended June 30, 2024

	Valor Academy High School	Rise Kohyang High School	Valor Academy Elementary School	Plummer LLC	Stella Elementary Charter Academy
Support and Revenues					
Local Control Funding Formula	\$ 7,812,503	\$ 7,452,638	\$ 5,220,499	\$ -	\$ 3,663,238
Federal revenue	754,896	533,940	611,382	-	301,541
Other State revenue	2,251,196	1,463,319	2,552,737	-	2,030,362
Contributions	-	-	-	-	271,270
Interest revenue	113,547	113,036	97,365	-	34,572
Local revenues					
Other revenue	120,293	59,633	53,586	-	50,607
Total revenues	11,052,435	9,622,566	8,535,569	-	6,351,590
Expenses					
Program services	9,875,443	8,561,445	7,753,830	-	5,749,889
Management and general	963,316	896,266	754,163	28,601	539,896
Total expenses	10,838,759	9,457,711	8,507,993	28,601	6,289,785
Change in Net Assets	213,676	164,855	27,576	(28,601)	61,805
Net Assets, Beginning of Year	4,050,942	34,592,518	2,851,298	(977)	1,130,721
Net Assets, End of Year	<u>\$ 4,264,618</u>	<u>\$ 34,757,373</u>	<u>\$ 2,878,874</u>	<u>\$ (29,578)</u>	<u>\$ 1,192,526</u>

Bright Star Schools
Combining Statement of Activities
Year Ended June 30, 2024

	Rise Kohyang Elementary School	Business Office Team	Eliminations	Total
Support and Revenues				
Local Control Funding Formula	\$ 3,529,483	\$ -	\$ -	\$ 53,247,089
Federal revenue	209,871	-	-	6,700,026
Other State revenue	1,445,422	-	-	19,703,270
Contributions	947,091	-	(2,034,685)	60,293
Interest revenue	17,941	146,472	-	1,068,230
Local revenues				
Other revenue	(9,769)	7,185,075	(7,164,259)	724,756
Total revenues	<u>6,140,039</u>	<u>7,331,547</u>	<u>(9,198,944)</u>	<u>81,503,664</u>
Expenses				
Program services	5,613,515	2,034,685	(2,034,685)	73,799,001
Management and general	466,636	6,125,671	(7,164,259)	6,154,272
Total expenses	<u>6,080,151</u>	<u>8,160,356</u>	<u>(9,198,944)</u>	<u>79,953,273</u>
Change in Net Assets	59,888	(828,809)	-	1,550,391
Net Assets, Beginning of Year	<u>1,094,408</u>	<u>7,786,678</u>	<u>-</u>	<u>70,256,485</u>
Net Assets, End of Year	<u>\$ 1,154,296</u>	<u>\$ 6,957,869</u>	<u>\$ -</u>	<u>\$ 71,806,876</u>

Bright Star Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2024

	General Support		Stella Middle Charter Academy		Bright Star Secondary Charter Academy	
	Program	Management	Program	Management	Program	Management
	Services	and General	Services	and General	Services	and General
Salaries	\$ 18,713	\$ -	\$ 4,819,915	\$ -	\$ 5,743,052	\$ -
Employee benefits	4	-	1,093,670	-	790,883	-
Payroll taxes	1,431	-	743,103	-	877,360	-
Fees for services	102,000	-	817,445	-	424,234	-
Advertising and promotions	-	-	-	-	89	-
Office expenses	957	-	73,890	-	74,214	-
Information technology	1,702	-	83,739	-	130,589	-
Occupancy	1,875	-	739,938	-	818,460	-
Travel	-	-	165,016	-	79,381	-
Depreciation and amortization	317	-	114,011	-	40,339	-
Insurance	-	-	130,581	-	79,377	-
Other expenses	-	-	7,995	-	9,222	-
Grants back to schools	-	-	-	-	-	-
Equipment	-	-	14,510	-	20,633	-
Professional development	44,965	-	42,188	-	35,708	-
Professional and business fees	141	-	29,283	-	30,104	-
Student service (credit)	1,848	-	209,909	-	650,567	-
Fundraising expense	-	-	22	-	10,078	-
Instructional materials	5,856	-	122,017	-	434,840	-
Legal and audit	-	-	38,980	-	19,080	-
Communication	300	-	78,416	-	57,996	-
Utilities	-	-	123,115	-	756	-
Management fees	-	-	166,485	901,170	199,510	1,037,356
Total	\$ 180,109	\$ -	\$ 9,614,228	\$ 901,170	\$ 10,526,472	\$ 1,037,356

Bright Star Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2024

	Rise Kohyang Middle School		Valor Academy Middle School		Valor Academy High School	
	Program Services	Management and General	Program Services	Management and General	Program Services	Management and General
Salaries	\$ 3,384,033	\$ -	\$ 4,425,956	\$ -	\$ 5,302,507	\$ -
Employee benefits	526,738	-	716,454	-	769,869	-
Payroll taxes	532,802	-	729,850	-	813,493	-
Fees for services	832,782	-	1,302,228	-	833,117	-
Advertising and promotions	8,264	-	-	-	156	-
Office expenses	106,099	-	55,783	-	61,902	-
Information technology	62,123	-	124,613	-	99,058	-
Occupancy	765,918	-	293,530	-	584,401	-
Travel	58,708	-	167,314	-	194,008	-
Depreciation and amortization	40,000	-	119,228	-	64,050	-
Insurance	46,277	-	112,901	-	115,019	-
Other expenses	16,694	-	4,345	-	10,156	-
Grants back to schools	-	-	-	-	-	-
Equipment	26,819	-	77,737	-	57,328	-
Professional development	27,633	-	45,797	-	47,234	-
Professional and business fees	24,921	-	32,705	-	55,719	-
Student service (credit)	174,696	-	240,755	-	186,555	-
Fundraising expense	9,706	-	20,071	-	31,503	-
Instructional materials	94,786	-	104,366	-	278,981	-
Legal and audit	2,370	-	2,795	-	1,443	-
Communication	65,452	-	61,561	-	77,394	-
Utilities	110,651	-	76,127	-	104,629	-
Management fees	108,785	608,366	183,697	997,090	186,921	963,316
Total	\$ 7,026,257	\$ 608,366	\$ 8,897,813	\$ 997,090	\$ 9,875,443	\$ 963,316

Bright Star Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2024

	Rise Kohyang High School		Valor Academy Elementary School		Plummer LLC	
	Program Services	Management and General	Program Services	Management and General	Program Services	Management and General
Salaries	\$ 4,844,534	\$ -	\$ 3,878,940	\$ -	\$ -	\$ -
Employee benefits	729,132	-	615,059	-	-	-
Payroll taxes	779,413	-	575,338	-	-	-
Fees for services	397,493	-	1,038,269	-	-	-
Advertising and promotions	2,199	-	-	-	-	-
Office expenses	52,765	-	68,165	-	-	-
Information technology	198,651	-	54,793	-	-	-
Occupancy	639,885	-	677,959	-	-	-
Travel	2,342	-	21,591	-	-	-
Depreciation and amortization	2,975	-	92,482	-	-	-
Insurance	69,035	-	61,496	-	-	-
Other expenses	3,819	-	17,328	-	-	27,738
Grants back to schools	-	-	-	-	-	-
Equipment	59,847	-	12,085	-	-	-
Professional development	50,739	-	38,357	-	-	-
Professional and business fees	31,144	-	17,040	-	-	-
Student service (credit)	111,595	-	213,611	-	-	-
Fundraising expense	467	-	12,300	-	-	-
Instructional materials	318,126	-	126,656	-	-	-
Legal and audit	1,575	-	16,201	-	-	863
Communication	61,634	-	81,679	-	-	-
Utilities	25,049	-	-	-	-	-
Management fees	179,026	896,266	134,481	754,163	-	-
Total	\$ 8,561,445	\$ 896,266	\$ 7,753,830	\$ 754,163	\$ -	\$ 28,601

Bright Star Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2024

	Stella Elementary Charter School		Rise Kohyang Elementary School		Business Office Team	
	Program Services	Management and General	Program Services	Management and General	Program Services	Management and General
Salaries	\$ 3,008,730	\$ -	\$ 2,596,078	\$ -	\$ -	\$ 2,789,619
Employee benefits	455,111	-	350,176	-	-	235,717
Payroll taxes	458,493	-	393,649	-	-	246,776
Fees for services	729,531	-	1,104,218	-	-	578,922
Advertising and promotions	-	-	2,767	-	-	462,480
Office expenses	57,608	-	39,490	-	-	17,976
Information technology	54,853	-	75,179	-	-	302,172
Occupancy	419,220	-	501,183	-	-	76,895
Travel	11,513	-	31	-	-	4,903
Depreciation and amortization	78,038	-	45,429	-	-	-
Insurance	35,520	-	38,322	-	-	15,912
Other expenses	1,036	-	3,553	-	-	93
Grants back to schools	-	-	-	-	2,034,685	-
Equipment	13,437	-	30,343	-	-	2,883
Professional development	19,515	-	26,232	-	-	637,364
Professional and business fees	15,577	-	21,037	-	-	378,189
Student service (credit)	104,770	-	167,620	-	-	122
Fundraising expense	-	-	206	-	-	-
Instructional materials	110,448	-	83,456	-	-	21,156
Legal and audit	905	-	1,223	-	-	286,613
Communication	79,891	-	37,828	-	-	67,879
Utilities	218	-	4,242	-	-	-
Management fees	95,475	539,896	91,253	466,636	-	-
Total	\$ 5,749,889	\$ 539,896	\$ 5,613,515	\$ 466,636	\$ 2,034,685	\$ 6,125,671

Bright Star Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2024

	Eliminations		Total	
	Program Services	Management and General	Program Services	Management and General
Salaries	\$ -	\$ -	\$ 38,022,458	\$ 2,789,619
Employee benefits	-	-	6,047,096	235,717
Payroll taxes	-	-	5,904,932	246,776
Fees for services	-	-	7,581,317	578,922
Advertising and promotions	-	-	13,475	462,480
Office expenses	-	-	590,873	17,976
Information technology	-	-	885,300	302,172
Occupancy	-	-	5,442,369	76,895
Travel	-	-	699,904	4,903
Depreciation and amortization	-	-	596,869	-
Insurance	-	-	688,528	15,912
Other expenses	-	-	74,148	27,831
Grants back to schools	(2,034,685)	-	-	-
Equipment	-	-	312,739	2,883
Professional development	-	-	378,368	637,364
Professional and business fees	-	-	257,671	378,189
Student service (credit)	-	-	2,061,926	122
Fundraising expense	-	-	84,353	-
Instructional materials	-	-	1,679,532	21,156
Legal and audit	-	-	84,572	287,476
Communication	-	-	602,151	67,879
Utilities	-	-	444,787	-
Management fees	-	(7,164,259)	1,345,633	-
	<u>\$ (2,034,685)</u>	<u>\$ (7,164,259)</u>	<u>\$ 73,799,001</u>	<u>\$ 6,154,272</u>
Total	<u>\$ (2,034,685)</u>	<u>\$ (7,164,259)</u>	<u>\$ 73,799,001</u>	<u>\$ 6,154,272</u>

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of BSS under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of BSS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BSS.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

BSS does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of BSS. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial Statements.

Combining Statement of Financial Position, Combining Statement of Activities, and Combining Statement of Functional Expenses

These schedules are presented on the accrual basis of accounting. Eliminating entries in the Combining statement of financial position, Combining statement of activities, and Combining statement of functional expenses are for activities between the charter schools.



Other Information
June 30, 2024

Bright Star Schools

Organization

Bright Star Schools is a nonprofit public benefit corporation and operates nine charter schools approved by the Los Angeles Unified School District as follows:

- Stella Elementary Charter Academy (SECA) charter number 1866 – established in 2018
- Stella Middle Charter Academy (SMCA) charter number 0535 – established in 2003
- Bright Star Secondary Charter Academy (BSSCA) charter number 0826 – established in 2006
- Rise Kohyang Elementary School (RKES) charter number 1927 – established in 2019
- Rise Kohyang Middle School (RKMS) charter number 1315 – established in 2012
- Rise Kohyang High School (RKHS) charter number 1786 - established in 2016
- Valor Academy Elementary School (VAES) charter number 1787 - established in 2016
- Valor Academy Middle School (VAMS) charter number 1095 – established in 2009
- Valor Academy High School (VAHS) charter number 1539 – established in 2013

The Board of Directors and the Administrators as of the year ended June 30, 2024 were as follows:

Governing Board

Member	Office	Term Expires
Andrew Murr	Board Chairman	2025
Jennifer Cole	Secretary	2025
Stephen Green	Member	2025
Marisol Leon	Member	2025
Lois Levy	Member	2025
Louisa Wee	Member	2025
Robin Elledge	Member	2025
Jason Rudolph	Member	2026
Marissiko Wheaton-Green	Member	2026
Roberta Benjamin	Member	2023

Administration

Ana L. Martinez	Chief Executive Officer
Elijah Sugay	Chief Financial Officer
Liliana Bustos	Chief Instructional Officer
China Habte	Head of Accounting and Fiscal Services



Independent Auditor's Reports
June 30, 2024

Bright Star Schools



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

Governing Board
Bright Star Schools
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Bright Star Schools (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 14, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s consolidated 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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 14, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
Bright Star Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bright Star Schools' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
December 14, 2024



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

Governing Board
Bright Star Schools
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited Bright Star Schools' (the Organization) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2024.

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Organization’s compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratio of Administrative Employees to Teachers	Not Applicable

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Not Applicable
 School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
 Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

The term “Not Applicable” is used above to mean either the Organization did not offer the program during the current fiscal year, the Organization did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 14, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Bright Star Schools

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I Grants to Local Educational Agencies	84.010
COVID-19 - Expanded Learning Opportunities (ELO) Grant	
ESSER II State Reserves	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III State Reserve, Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance for programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.