



CHICO COUNTRY DAY SCHOOL

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2024**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Chico Country Day (Charter No. 0112)

FINANCIAL SECTION

Independent Auditors' Report 1

Financial Statements

 Statement of Financial Position..... 3

 Statement of Activities..... 4

 Statement of Functional Expenses 5

 Statement of Cash Flows 6

Notes to Financial Statements 7

SUPPLEMENTARY INFORMATION

Schedule of Average Daily Attendance 15

Schedule of Instructional Time 16

Reconciliation of Financial Report – Alternative Form with Audited Financial Statements 17

OTHER INFORMATION

Local Education Agency Organization Structure 18

OTHER INDEPENDENT AUDITORS' REPORTS

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* 19

Report on State Compliance and on Internal Control over Compliance for State Programs 21

FINDINGS AND QUESTIONED COSTS SECTION

Schedule of Findings and Questioned Costs..... 24

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chico Country Day School
Chico, California

Report on the Financial Statements**Opinion**

We have audited the accompanying financial statements of Chico Country Day School 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 financial statements referred to above present fairly, in all material respects, the financial position of Chico Country Day School 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Country Day School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Chico Country Day School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico Country Day School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Country Day School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 January 14, 2025, on our consideration of Chico Country Day School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chico Country Day 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 Chico Country Day School's internal control over financial reporting and compliance.



San Diego, California
January 14, 2025

CHICO COUNTRY DAY SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,090,664
Accounts receivable	1,382,495
Total current assets	<u>3,473,159</u>
Noncurrent assets	
Finance right-of-use asset, net	107,520
Capital assets, net	7,765,664
Total noncurrent assets	<u>7,873,184</u>
Total Assets	<u>\$ 11,346,343</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 742,788
Finance lease liabilities	107,520
Deferred revenue	184,652
Loan payable	2,998,423
Total liabilities	<u>4,033,383</u>
Net assets	
Without donor restrictions	7,312,960
Total net assets	<u>7,312,960</u>
Total Liabilities and Net Assets	<u>\$ 11,346,343</u>

The notes to the financial statements are an integral part of this statement.

**CHICO COUNTRY DAY SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions
SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 4,253,836
Federal revenues	443,622
Other state revenues	1,097,778
Total federal and state support and revenues	<u>5,795,236</u>
Local support and revenues	
Payments in lieu of property taxes	1,628,739
Grants and donations	123,450
Afterschool preschool fees	397,352
Investment income, net	14,272
Other local revenues	366,437
Total local support and revenues	<u>2,530,250</u>
Total Support and Revenues	<u>8,325,486</u>
 EXPENSES	
Program services	6,504,607
Management and general	2,009,502
Total Expenses	<u>8,514,109</u>
 CHANGE IN NET ASSETS	(188,623)
 Net Assets - Beginning	<u>7,501,583</u>
 Net Assets - Ending	<u>\$ 7,312,960</u>

The notes to the financial statements are an integral part of this statement.

CHICO COUNTRY DAY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 2,996,325	\$ 149,391	\$ 3,145,716
Non-certificated salaries	825,698	672,318	1,498,016
Pension plan contributions	852,657	177,260	1,029,917
Payroll taxes	133,025	51,142	184,167
Other employee benefits	601,872	129,697	731,569
Total personnel expenses	5,409,577	1,179,808	6,589,385
Non-personnel expenses			
Books and supplies	211,683	81,665	293,348
Insurance	157,000	17,252	174,252
Facilities	-	226,960	226,960
Professional services	183,558	318,984	502,542
Interest expense	-	61,959	61,959
Depreciation and amortization	342,055	16,500	358,555
Fees to authorizing agency	4,187	63,483	67,670
Other operating expenses	196,547	42,891	239,438
Total non-personnel expenses	1,095,030	829,694	1,924,724
Total Expenses	\$ 6,504,607	\$ 2,009,502	\$ 8,514,109

The notes to the financial statements are an integral part of this statement.

**CHICO COUNTRY DAY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (188,623)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation and amortization	358,555
(Increase) decrease in operating assets	
Accounts receivable	522,112
Increase (decrease) in operating liabilities	
Accounts payable	(934,923)
Deferred revenue	(5,401)
Net cash provided by (used in) operating activities	<u>(248,280)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(91,925)
Net cash provided by (used in) investing activities	<u>(91,925)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on finance leases	(123,127)
Principal payments on loan payable	(124,462)
Net cash provided by (used in) financing activities	<u>(247,589)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (587,794)

Cash and cash equivalents - Beginning 2,678,458

Cash and cash equivalents - Ending \$ 2,090,664

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ 61,959</u>
------------------------	------------------

The notes to the financial statements are an integral part of this statement.

**CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Chico Country Day School (the “Charter”) was formed as a nonprofit public benefit corporation on June 4, 2004 for the purpose of operating as a California public school located in Butte County. The mission statement is to provide a safe, joyful community, where all learners are inspired to achieve their personal best. During the year ended June 30, 2024, Chico Country Day School served grades TK to 8.

The Charter is numbered by the State Board of Education as California Charter No. 0112. Chico Country Day School is authorized to operate as a charter school through Chico Unified School District (the “authorizing agency”). In 2019, the Board of Directors of Chico Unified School District approved a charter renewal petition for a five-year term beginning July 1, 2020 and expiring on June 30, 2025. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2028. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

B. Basis of Accounting

The Charter’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018. Under the Guide, Chico Country Day School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, the Charter also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter’s financial statement presentation.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as “net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

F. In Lieu of Property Tax Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Chico Country Day School. Revenues are recognized by the Charter when earned.

G. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management’s estimates.

H. Cash and Investments

Chico Country Day School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Charter’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

I. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Chico Country Day School has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

K. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

L. Income Taxes

Chico Country Day School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

M. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

N. Lease Arrangements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating or finance lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2024, consists of cash in banks of \$2,090,664. As of June 30, 2024, a portion of Chico Country Day School's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. Chico Country Day School does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consists of the following:

Local control funding sources, state aid	\$ 1,223,305
Federal sources	125,769
Other state sources	33,421
Total Accounts Receivable	\$ 1,382,495

NOTE 4 – NONCURRENT ASSETS

At July 1, 2023, there was a restatement to reclassify building and improvements and related amortization from a finance right-of-use asset to the correct corresponding capital asset category and accumulated depreciation within capital assets.

Capital Assets

A summary of activity related to capital assets during the year ended June 30, 2024 consists of the following:

	Original Balance		Restated Balance		Balance
	July 1, 2023	Restatements	July 1, 2023	Additions	June 30, 2024
Property and equipment					
Land	\$ 186,105	\$ -	\$ 186,105	\$ -	\$ 186,105
Buildings and improvements	2,000,286	7,830,542	9,830,828	11,000	9,841,828
Leasehold improvements	119,878	-	119,878	61,762	181,640
Equipment	12,738	-	12,738	19,163	31,901
Total property and equipment	2,319,007	7,830,542	10,149,549	91,925	10,241,474
Less accumulated depreciation	(827,157)	(1,409,498)	(2,236,655)	(239,155)	(2,475,810)
Capital Assets, net	\$ 1,491,850	\$ 6,421,044	\$ 7,912,894	\$ (147,230)	\$ 7,765,664

Finance Right-of-Use (ROU) Assets

A summary of activity related to finance right-of-use (ROU) assets during the year ended June 30, 2024 consists of the following:

	Original Balance		Restated Balance		Balance
	July 1, 2023	Restatements	July 1, 2023	Additions	June 30, 2024
Finance ROU assets					
Buildings and improvements	\$ 7,830,542	\$ (7,830,542)	\$ -	\$ -	\$ -
Equipment	298,683	-	298,683	20,430	319,113
Total finance ROU assets	8,129,225	(7,830,542)	298,683	20,430	319,113
Less accumulated amortization	(1,501,691)	1,409,498	(92,193)	(119,400)	(211,593)
Finance ROU Assets, net	\$ 6,627,534	\$ (6,421,044)	\$ 206,490	\$ (98,970)	\$ 107,520

CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2024, consists of the following:

Due to grantor government	\$ 549,430
Salaries and benefits	180,496
Vendor payables	<u>12,862</u>
Total Accounts Payable	<u>\$ 742,788</u>

NOTE 6 – FINANCE LEASE LIABILITIES

The Charter holds lease agreements for the use of copiers and technology equipment with terms through June 2028. At June 30, 2024, the finance lease liabilities balance was \$107,520. Future lease payments under the finance leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Finance Lease Payments</u>
2025	\$ 47,317
2026	37,110
2027	20,458
2028	<u>13,639</u>
Total lease payments	<u>118,524</u>
Lease interest	<u>(11,004)</u>
Total	<u>\$ 107,520</u>

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2024, consists of the following:

State sources	
Univeral pre-k planning and implementation	\$ 89,007
Arts and music in schools (Prop 28)	59,008
Expanded learning opportunities program	<u>36,637</u>
Total Deferred Revenue	<u>\$ 184,652</u>

NOTE 8 – LOAN PAYABLE

In April 2011, the Charter entered into a funding agreement with the State Allocation Board and the California School Finance Authority (CSFA) related to the Charter School Facilities Program (CSFP). Under the terms of the agreement, the CSFA agreed to provide proceeds to cover 50% of the Charter's matching share of approved project costs related to the construction and acquisition of certain charter school facilities. During the 2013-14 fiscal year, the Charter received \$3,977,825 in proceeds from CSFA. The repayment terms related to the funding agreement were finalized in the 2015-16 fiscal year noting an interest rate of 2%.

During the fiscal year ended June 30, 2024, the Charter made payments of \$186,228, which included \$124,462 of principal and \$61,766 of interest expense. As of June 30, 2024, the outstanding balance on the loan was \$2,998,423.

CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 8 – LOAN PAYABLE (continued)

Repayment obligations on the CSFP loan payable are as follows:

<u>Fiscal Year Ending June 30,</u>	
2025	\$ 186,228
2026	186,228
2027	186,228
2028	186,228
2029	186,228
Thereafter	<u>2,700,303</u>
Total payments	3,631,443
Less interest	<u>(633,020)</u>
Total Loan Payable	\$ 2,998,423

NOTE 9 – NET ASSETS

As of June 30, 2024, the Charter did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2024, the Charter's net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 4,767,241
Undesignated	<u>2,545,719</u>
Total Net Assets without Donor Restrictions	\$ 7,312,960

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Charter's financial assets as of June 30, 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 2,090,664
Accounts receivable	<u>1,382,495</u>
Financial Assets available to meet cash needs for expenditures within one year	\$ 3,473,159

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS).

NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers' Retirement System (CalSTRS)

Plan Description

Chico Country Day School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2023-24 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2023-24 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the fiscal year ended June 30, 2024 were \$564,171; 100% of the required contribution.

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Chico Country Day School is estimated at \$262,099. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

California Public Employees' Retirement System (CalPERS)

Plan Description

Chico Country Day School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

Chico Country Day School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2023-24 was 26.68% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalPERS for the fiscal year ended June 30, 2024 were \$465,746; 100% of the required contribution.

CHICO COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, Chico Country Day School is approved to operate as a public charter school through authorization by the Chico Unified School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code (EC) whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to June 30, 2027. Additionally, on July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended EC 47607.4 to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result, the charter petition end date is extended to June 30, 2028.

The Charter makes payments to the authorizing agency to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight and facility use amounted to \$67,670 for the fiscal year ending June 30, 2024.

Governmental Funds

Chico Country Day 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. The Charter does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 11 for additional information on employee retirement plans.

Pending or Threatened Litigation

The Charter may become involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2024.

NOTE 13 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Chico Country Day School in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles. The Charter did not receive any donated items during the year ended June 30, 2024.

NOTE 14 – SUBSEQUENT EVENTS

Chico Country Day School has evaluated subsequent events for the period from June 30, 2024 through January 14, 2025, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

CHICO COUNTRY DAY SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024

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

	Second Period Report	Annual Report
	Classroom-Based	
Grade Span		
Regular		
Kindergarten* through third	255.32	254.69
Fourth through sixth	169.07	168.78
Seventh through eighth	115.34	115.14
Total Average Daily Attendance - Classroom-Based	539.73	538.61
	Nonclassroom-Based	
Grade Span		
Regular		
Kindergarten* through third	1.38	1.99
Fourth through sixth	1.03	1.20
Seventh through eighth	1.21	1.11
Total Average Daily Attendance - Nonclassroom-Based	3.62	4.30
Total Average Daily Attendance	543.35	542.91

*Includes Transitional Kindergarten (TK)

**CHICO COUNTRY DAY SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024**

This schedule presents information on the amount of instructional time offered per grade level by the Chico Country Day School and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

Grade Level	Instructional Minutes				Instructional Days				Status
	Annual Requirement	Annual Minutes	Credited Minutes**	Offered Minutes	Minimum Requirement	Annual Days	Credited Days**	Offered Days	
Kindergarten*	36,000	47,130	240	46,890	175	176	1	175	Complied
Grade 1	50,400	50,680	245	50,435	175	176	1	175	Complied
Grade 2	50,400	50,680	245	50,435	175	176	1	175	Complied
Grade 3	50,400	51,610	250	51,360	175	176	1	175	Complied
Grade 4	54,000	54,100	265	53,835	175	176	1	175	Complied
Grade 5	54,000	54,100	265	53,835	175	176	1	175	Complied
Grade 6	54,000	57,072	282	56,790	175	176	1	175	Complied
Grade 7	54,000	57,072	282	56,790	175	176	1	175	Complied
Grade 8	54,000	57,072	282	56,790	175	176	1	175	Complied

*Includes Transitional Kindergarten (TK)

**The Charter received an approved Form J-13A for the number of instructional days and number of instructional minutes indicated above.

CHICO COUNTRY DAY SCHOOL
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2024

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements. A summary of adjustments are as follows:

June 30, 2024, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 7,198,586</u>
Adjustments:	
Increase (decrease) in total net assets:	
Prior period adjustment	3,911
Client closing adjustments for accrual of revenues	139,144
Client closing adjustments for accrual of expenses	(21,327)
Remove depreciation expense for amortization of ROU assets	114,618
Reclass capital outlay expenses to capital asset additions	30,163
Reclass equipment expenses to capital asset additions	61,762
Record unspent state revenues as deferred revenues	(216,624)
Expense adjustment related to recording for lease liability	<u>2,727</u>
Net adjustments	<u>114,374</u>
June 30, 2024, net assets per audited financial statements	<u>\$ 7,312,960</u>

OTHER INFORMATION

**CHICO COUNTRY DAY SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024**

This schedule provides information about the local education agency (LEA or charter school), including the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

Chico Country Day School, located in Butte County, was formed as a nonprofit public benefit corporation on in June 2004. The charter school operated by the nonprofit, Chico Country Day School, was numbered by the State Board of Education in 1996 as Charter No. 0112. The Charter is authorized by the Chico Unified School District. Classes initially began in Fall 1996. During 2023-24, the Charter served approximately 574 students in TK to 8.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Juni Banerjee-Stevens	Chair	June 2024
Melissa Pearson	Secretary	June 2024
Ross Simmons	Treasurer	June 2025
Nick Trover	Member	June 2025
Jocelyn Ahern	Member	June 2026

ADMINISTRATION

Wendy Fairon
Chief Executive Officer

Gretchen Bender
Chief Business Officer

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

To the Board of Directors of
Chico Country Day School
Chico, California

We have audited, 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, the financial statements of Chico Country Day School (the "Charter") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated January 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter'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 Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter'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*.

Chico Country Day School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Chico Country Day School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as the corrective action plan. The Charter's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
January 14, 2025

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

To the Board of Directors of
Chico Country Day School
Chico, California

Report on State Compliance**Opinion on State Compliance**

We have audited Chico Country Day School's compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Chico Country Day School's state program requirements for the fiscal year ended June 30, 2024.

In our opinion, Chico Country Day School complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2024, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Chico Country Day School and to meet certain 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 on state compliance. Our audit does not provide a legal determination of Chico Country Day School'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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Chico Country Day School's state programs.

Auditor's Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chico Country Day School's compliance based on our audit.

Auditor's Responsibilities for the Audit for State Compliance (continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Chico Country Day School's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chico Country Day School's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chico Country Day School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Chico Country Day School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Chico Country Day School's compliance with the state laws and regulations to the following items:

Description	Procedures Performed
School Districts, County Offices of Education and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not applicable
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	No*
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

**We did not perform testing of Nonclassroom-Based Instruction/Independent Study because ADA is not material.*

“Not applicable” is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or 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 state 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 state 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 state 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 State Compliance section 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. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
January 14, 2025

FINDINGS AND QUESTIONED COSTS SECTION

**CHICO COUNTRY DAY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

The Charter did not expend more than \$750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.

State Awards

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with <i>2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	No
Type of auditors' report issued on compliance for state programs:	Unmodified

All audit year findings, if any, are assigned an appropriate finding code as follows:

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**CHICO COUNTRY DAY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

PART II – FINANCIAL STATEMENT FINDINGS

FINDING 2024-001: FINANCIAL STATEMENT REPORTING (30000)

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries and reclassifying entries used in the preparation of the financial statements. Management should ensure that all applicable accounting principles are adhered to when preparing the financial statements and that the closing entries are recorded in a timely manner.

Condition: During the course of the audit, it was noted that audit adjustments were needed to properly report balances related to capital assets, lease accounts, and deferred revenues. Fixed asset additions needed to be reclassified from expense accounts to the proper capital asset category. Current year activity related to leases was needed to properly reflect balances for the right-of-use assets and related lease liabilities. Revenue recognition standards for conditional contributions of state funding under FASB were not applied with regards to deferred revenue. Additionally, client closing adjustments were recorded to the financial records after reporting of the unaudited actuals.

Cause: Delay in information related to accrual information for client adjustments as well as lack of information related to FASB accounting standards applicable to nonprofit organizations for audit adjustments.

Effect: Misstatements in the accounting records could occur. Total net adjustments amounted to \$114,374 as reported on the reconciliation of charter school unaudited actuals to the audited financial statements.

Repeat Finding: Yes, refer to prior year summary Finding 2023-001.

Recommendation: We recommend management review financial account balances to ensure balances are correctly reported under FASB. Additionally, a process for timely closing of financial records prior to reporting of charter school unaudited actual data to avoid subsequent entries should be established.

Corrective Action Plan: Chico Country Day School accepts this finding and is continuing to develop a comprehensive financial reporting checklist to be used during the year-end closing process to prevent misstatements. The CBO will communicate with the audit firm to ensure all prior period adjustments are reflected within the beginning balance prior to reporting of the second interim budget.

PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2024.

**CHICO COUNTRY DAY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

PART IV – SUMMARY OF PRIOR AUDIT FINDINGS

FINDING 2023-001: FINANCIAL REPORTING – UNAUDITED ACTUALS (30000) – Material Weakness

Summary: Each year, charter schools are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the “Unaudited Actuals” Financial Report. Accordingly, the Charter School should have an effective system of internal control over financial reporting that will ensure that the information contained in the report is free of material misstatement. The Charter School’s “Unaudited Actuals” included misstatements that we consider to be material to their annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where audit adjustments were required.

Charter Response: Chico Country Day School accepts this finding and is developing a comprehensive financial reporting checklist to be used during the year-end closing process to prevent misstatements.

Current Status: Not fully implemented. Refer to Finding 2024-001.

FINDING 2023-002: ACCOUNTS RECEIVABLE / PAYABLE RECONCILIATION (30000) – Material Weakness

Summary: An effective system of internal control over financial reporting requires all accounts receivable and accounts payable accruals established in the prior fiscal year to be reconciled to amounts actually received and paid. In addition, any differences noted between the amounts accrued and the amounts actually received and paid should be investigated and cleared in a timely manner. Accounts receivable and payable accruals that were established in the prior fiscal year were not reconciled to the amounts actually received and paid during the current year. As a result, several accounts receivable and payable balances were not cleared during the 2022-23 fiscal year, and in some instances, receipts in excess of prior year accounts receivable balances were posted to the accounts receivable account resulting in negative account receivable balances.

Charter Response: Chico Country Day School accepts this finding and is drafting policies and procedures requiring all accounts receivable and accounts payable accruals established in the prior fiscal year to be reconciled to amounts actually received and paid. Any amounts accrued and received or paid will be investigated and cleared in a timely manner.

Current Status: Implemented.

FINDING 2023-003: PAYROLL CLEARING ACCOUNTS (30000 – Material Weakness

Summary: An appropriate system of internal control over financial reporting requires that payroll clearing accounts used to facilitate the payment of items such as health and welfare benefits, taxes, and insurance, should be reconciled on a periodic basis, to ensure that all related liability and expenditure balances are properly reported. Payroll clearing accounts were not reconciled on a routine basis and was not reconciled as of June 30, 2023.

Charter Response: Chico Country Day School accepts this finding and is in the process of establishing procedures to ensure that all clearing accounts are reconciled on a monthly basis. Errors will be investigated and resolved in a timely manner to ensure balances are properly reported. Reconciliations will be retained for audit purposes.

Current Status: Implemented.

**CHICO COUNTRY DAY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

PART IV – SUMMARY OF PRIOR AUDIT FINDINGS (continued)

FINDING 2023-004: CASH IN BANKS / INVESTMENTS (30000)

Summary: All activity on bank statements and investment statements, should be reconciled on a monthly basis. Bank and investment statements were not reconciled on a monthly basis. As a result, the majority of the balances on the bank statements did not agree to the corresponding register balances as of June 30, 2023. In addition, the cash in bank balance for the Charter School s operating bank account was not reconciled properly and had a \$103,646 difference with the register balance as of June 30, 2023.

Charter Response: CCDS transitioned 100% of the accounting/bookkeeping staff in 2022-23. Existing policies and procedures were inadequate or nonexistent and, therefore, couldn't be relied upon for effective guidance. Staff are now receiving comprehensive training on best practices and are documenting policies and procedure to ensure all accounts are reconciled and accurate.

Current Status: Implemented.

FINDING 2023-005: FEDERAL CASH MANAGEMENT / RECEIVABLES (30000)

Summary: Direct funded charter schools (local educational agencies (LEAs)) receiving formula based allocations under the Title I, Part A; Title I, Part D, Subpart 2; Title II, Part A; Title III English Learners (EL); Title III Immigrant; and Title IV, Part A programs under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act of 2015 (ESSA), must report the cash balance for each of these programs on a quarterly basis to the California Department of Education (CDE) in order to receive their apportionments for those programs. The LEAs report the data through the Web-based Federal Cash Management Data Collection (CMDC) system. The deadline for reporting cash balances for each applicable federal program is 18 months after the end of the fiscal year. The Charter School did not file the required quarterly reports for the Title I and Title II programs within the required time frames.

Charter Response: Chico Country Day School agrees with this finding. Although CMDC reports were not filed timely in prior years, these reports were a priority of the Charter School in 2022-23. CMDC reports were completed and brought current in October of 2022 for the 2021-22 fiscal year and kept current for 2022-23. All Federal Title I, Title II, and Title IV revenue due to the school for those years have been received.

Current Status: Implemented.

FINDING 2023-006: LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP) (62000)

Summary: In accordance with Education Code Section 47606.5, on or before July 1, 2015, and each year thereafter, a charter school shall update the goals and annual actions to achieve those goals identified in the charter pursuant to subparagraph (A) of paragraph (5) of subdivision (b) of Section 47605 or subparagraph (A) of paragraph (5) of subdivision (b) of Section 47605.6. The local control and accountability plan and annual update to the local control and accountability plan shall be developed using the template adopted pursuant to Section 52064. The estimated actual expenditures column in the 2021-22 Annual Update Table in the Charter School's 2022-23 LCAP was not completed and showed no estimated expenditures for the goals listed.

Charter Response: Chico Country Day School accepts this finding and will establish appropriate procedures to ensure that future LCAPs follow all of the requirements of Education Code Section 47606.5.

Current Status: Implemented.