

**CHICO COUNTRY DAY CHARTER SCHOOL  
(A CALIFORNIA NON-PROFIT  
PUBLIC BENEFIT CORPORATION)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

JUNE 30, 2018

---

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Organization/Board of Directors/Administration	14
Schedule of Average Daily Attendance	15
Schedule of Instructional Time	16
Schedule of Functional Expenses	17
Reconciliation of Annual Financial Report With Audited Financial Statements	18
Notes to Supplementary Information	19
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
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 <i>Government Auditing Standards</i>	20
Independent Auditor's Report on State Compliance	22
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	25
Section II - Financial Statement Findings	26
Section III - State Award Findings and Questioned Costs	27
Status of Prior Year Recommendations	28

## FINANCIAL SECTION

# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Chico Country Day Charter School  
Chico, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Chico Country Day Charter School, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico Country Day Charter School as of June 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 17 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of Chico Country Day Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2018

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018

**ASSETS**

Current:	
Cash and Cash Equivalents (Note 2)	\$ 1,667,334
Accounts Receivable (Note 3)	550,922
Prepaid Expenses (Note 1G)	74,450
Total Current Assets	2,292,706
Long-Term:	
Property and Equipment: (Note 4)	
Buildings and Improvements	9,963,378
Leasehold Improvements	49,751
Equipment	6,114
Less: Accumulated Depreciation	(1,115,376)
Total Long-Term Assets	8,903,867
Total Assets	\$ 11,196,573

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current:	
Accounts Payable	\$ 573,038
Deferred Revenue (Note 1I)	3,224
Long-Term:	
<i>Portion Due or Payable Within One Year:</i>	
Capital Lease (Note 5)	112,673
Total Current Liabilities	688,935
 <i>Portion Due or Payable After One Year:</i>	
Capital Lease (Note 5)	3,593,087
Total Liabilities	4,282,022

**NET ASSETS**

Unrestricted - Invested in Property and Equipment, net of Related Debt	5,198,107
Unrestricted	1,619,357
Temporarily Restricted	97,087
Total Net Assets	6,914,551
Total Liabilities and Net Assets	\$ 11,196,573

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<b>REVENUES</b>	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL</b>
LCFF Sources:			
State Aid	\$ 2,173,110		\$ 2,173,110
Education Protection Account		\$ 721,964	721,964
In-Lieu of Property Taxes	1,285,568		1,285,568
Federal Revenues:			
Special Education - Local Assistance		61,367	61,367
Medi-Cal Billing Option		7,626	7,626
Medi-Cal Administrative Activities	7,540		7,540
State Revenues:			
Special Education		164,273	164,273
Lottery	86,568	33,212	119,780
Mandated Costs	88,843		88,843
Other State	9,249	60,919	70,168
Local Revenues:			
Interest	9,174		9,174
Preschool and Afterschool Programs	286,343		286,343
Donations and Fundraising	124,556		124,556
Special Education Related Services	75,632		75,632
Other Local	28,343		28,343
Net Assets Released from Restrictions	1,091,560	(1,091,560)	0
Total Revenues	<u>5,266,486</u>	<u>(42,199)</u>	<u>5,224,287</u>
<b>EXPENSES</b>			
Program:			
Educational Programs	2,891,429		2,891,429
Supporting Services:			
General and Administrative	<u>2,180,025</u>		<u>2,180,025</u>
Total Expenses	<u>5,071,454</u>	<u>0</u>	<u>5,071,454</u>
Changes in Net Assets	195,032	(42,199)	152,833
Net Assets - Beginning of Year	<u>6,622,432</u>	<u>139,286</u>	<u>6,761,718</u>
Net Assets - End of Year	<u>\$ 6,817,464</u>	<u>\$ 97,087</u>	<u>\$ 6,914,551</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$	152,833
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation Expense		237,350
(Increase) Decrease in Assets:		
Accounts Receivable		(6,610)
Prepaid Expenses		(8,262)
Increase (Decrease) in Liabilities:		
Accounts Payable		(17,010)
Deferred Revenue		795
		359,096

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on Note Payable		(120,395)
Payments on Capital Lease		(110,453)
		(230,848)
Net Cash Used by Financing Activities		
Net Increase in Cash and Cash Equivalents		128,248
Cash and Cash Equivalents, Beginning of Year		1,539,086
Cash and Cash Equivalents, End of Year	\$	1,667,334

**SUPPLEMENTAL DISCLOSURE:**

Interest Paid	\$	93,757
---------------	----	--------



CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Chico Country Day Charter School (Charter School), a California non-profit public benefit corporation, was formed to manage, operate, guide, direct and promote the Chico Country Day Charter School, a California Public School. The charter was originally approved by Chico Unified School District in 1996 and renewed in July 2004, and was granted tax exempt status by the State of California on June 4, 2004. The Charter School is funded principally through State of California public education monies received through the California Department of Education and Chico Unified School District (the District). The Charter School is governed by a seven (7) member Governing Board.

The District renewed the charter through June 30, 2020. The charter may be revoked by the District for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or for any violation of any provision of the law.

Basis of Presentation

The Charter School's financial statements presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions. Net assets consist of the following:

Unrestricted - All resources over which the Governing Board has discretionary control to use in carrying on the general operations of the Charter School.

Temporarily Restricted - These net assets are restricted by donors to be used for specific purposes. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted - These net assets are permanently restricted by donors and cannot be used by the Charter School. The Charter School does not have permanently restricted net assets.

B. Basis of Accounting

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

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Revenue Recognition

Contributions and grants are recognized when the donor/grantor makes an unconditional promise to give to the Charter School or when received, whichever occurs first. Donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenses related to the required services. Per-pupil funding from the California Department of Education is recognized as revenue by the Charter School based on the average daily attendance (ADA) of students.

D. Cash, Cash Equivalents and Concentration of Credit Risk

The Charter School maintains cash in commercial bank accounts that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). For purposes of the statement of cash flows, the Charter School considers all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

E. Accounts Receivable

The Charter School considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

G. Prepaid Expenses

Prepaid expenses reflect payments made in the current fiscal year for expenses related to future periods.

H. Property and Equipment

All acquisitions or improvements of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments exceeding \$5,000 that materially prolong the useful lives of assets are capitalized. All capital assets are capitalized at cost, or in the case of donated equipment, fair market value on the date of receipt, and depreciated using the straight-line method over their estimated useful lives of 3 to 50 years.

I. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenses have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenses.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

J. Donated Materials, Services, and Facilities

In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded when they create or enhance non-financial assets or require a specialized skill that the Charter School would otherwise need to purchase.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

L. Income Taxes

Chico Country Day Charter School has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. There is no unrelated taxable income and, accordingly, no provision for income taxes has been reflected in these financial statements.

M. Oversight

The Chico Unified School District receives 1% of the Charter School's annual revenues from LCFF sources for monitoring and supervisory responsibility.

N. Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on Hand and in Banks	<u>\$ 1,667,334</u>
---------------------------	---------------------

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the Charter School and all cash maintained in commercial FDIC insured bank accounts within various financial institutions.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2018 consist of the following:

Federal Government	\$	15,342
State Government		440,005
Local Governments		<u>95,575</u>
Total	\$	<u><u>550,922</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2018, is shown below:

	<u>Balances</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2018</u>
Buildings and Improvements	\$ 9,963,378			\$ 9,963,378
Leasehold Improvements	49,751			49,751
Equipment	21,907		\$ 15,793	6,114
Totals at Historical Cost	<u>10,035,036</u>	<u>\$ 0</u>	<u>15,793</u>	<u>10,019,243</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	859,933	234,863		1,094,796
Leasehold Improvements	11,978	2,488		14,466
Equipment	21,907		15,793	6,114
Total Accumulated Depreciation	<u>893,818</u>	<u>237,351</u>	<u>15,793</u>	<u>1,115,376</u>
Property and Equipment, net	<u>\$ 9,141,218</u>	<u>\$ (237,351)</u>	<u>\$ 0</u>	<u>\$ 8,903,867</u>

NOTE 5 - CAPITAL LEASE

On April 13, 2011, the Charter School entered into a Charter School Facilities Program (CSFP) funding agreement with the State Allocation Board and the California School Finance Authority. Under the terms of the agreement, the California School Finance Authority agreed to provide financing to cover the Charter School's fifty percent (50%) local matching share of approved project costs related to the construction and acquisition of certain Charter School facilities. During 2013-14, the Charter School received \$3,977,825 from the California School Finance Authority in the form of lease proceeds.

In accordance with the terms of the agreement, the Charter School was not required to make lease payments until after the final terms of the lease were determined. The final terms of the agreement were finalized at an interest rate of 2% in the 2015-16 fiscal year. Future minimum lease payments are as follows:

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL LEASE (CONCLUDED)

Year Ended June 30	Principal	Interest	Totals
2019	\$ 112,673	\$ 73,555	\$ 186,228
2020	114,938	71,290	186,228
2021	117,248	68,980	186,228
2022	119,605	66,623	186,228
2023	122,009	64,219	186,228
2024-2028	647,832	283,308	931,140
2029-2033	715,608	215,531	931,139
2034-2038	790,477	140,662	931,139
2039-2043	873,178	57,961	931,139
2044-2048	92,192	922	93,114
Totals	<u>\$ 3,705,760</u>	<u>\$ 1,043,051</u>	<u>\$ 4,748,811</u>

The cost of the facilities was \$7,830,542, and accumulated depreciation was \$626,443 as of June 30, 2018, resulting in a net book value of \$7,204,099.

NOTE 6 - OPERATING LEASES

The Charter School has entered into various operating lease agreements for copiers, computers, and a server with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the Charter School will cancel any of the agreements prior to the expiration dates.

NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the 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 plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Plan Description (Concluded)

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 the CalSTRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members first hired on or before December 31, 2012, are required to contribute 10.25% of their salary, and members first hired on or after January 1, 2013, are required to contribute 9.205% of their salary, and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-18 was 14.43% of annual payroll. The contribution requirements of the plan members are established by State statute.

The Charter School's contributions to CalSTRS for the fiscal years ended June 30, 2018, 2017, and 2016 were \$286,339, \$244,059, and \$206,620, respectively, and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The Charter 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 Q Street, Sacramento, CA 95811.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

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 Employee's Pension Reform Act (PEPRA) specifies that new members entering the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary, and the Charter 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 rate for fiscal year 2017-18 was 15.531%. The contribution requirements of the plan members are established by State statute. The Charter School's contributions to CalPERS for the fiscal years ended June 30, 2018, 2017, and 2016 were \$103,605, \$92,874, and \$72,740 respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use Social Security as its alternative plan. Contributions made by the Charter School and an employee vest immediately. Both the Charter School and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 8 - RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charter School has purchased, through the Charter Safe JPA, various insurance policies for property and liability and workers' compensation insurance coverage. There were no significant reductions in coverage during the year.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The Charter School is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Charter School.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 10 - ECONOMIC DEPENDENCY

The Charter School received \$70,000 from the Parent Teacher Partnership. These donations are subject to voluntary public contributions, and were used to support various programs within the Charter School.

NOTE 11 - SUBSEQUENT EVENTS

The Charter School's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 7, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.



SUPPLEMENTARY INFORMATION SECTION

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

ORGANIZATION/BOARD OF DIRECTORS/ADMINISTRATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

**ORGANIZATION**

The Chico Country Day Charter School was established in June 1996 through authority established in Education Code Section 47600, and became an independent 501(c)(3) organization in 2004. The Charter School is located in Chico, California. The Charter School currently operates a K-8 elementary school and is sponsored by the Chico Unified School District.

**BOARD OF DIRECTORS**

<b><u>Name</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Jessika Lawrence	Chair	2019
Lowell Daun	Vice Chair	2019
Chris Constantin	Secretary	2019
Michele Mittman	Treasurer	2019
Charles Thompson	Member	2019
Suzanne Zivnuska	Member	2020
Brian Ausland	Member	2019

**ADMINISTRATION**

Margaret Reece  
Chief Business Officer

Wendy Fairon  
Director of Education

Colly Fischer  
Dean of Students

Amie Parent  
Director of Special Education

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

<u>Grade Level</u>	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Classroom- Based</u>	<u>Totals</u>	<u>Classroom- Based</u>	<u>Totals</u>
TK / K - 3	239.27	241.03	239.82	241.70
Grades 4-6	180.20	181.56	180.64	182.07
Grades 7-8	115.62	116.10	116.08	116.67
Totals	<u>535.09</u>	<u>538.69</u>	<u>536.54</u>	<u>540.44</u>

CHICO COUNTRY DAY CHARTER SCHOOL  
 (A California Non-Profit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	42,290	177	N/A	In Compliance
Grade 1	50,400	53,050	177	N/A	In Compliance
Grade 2	50,400	53,050	177	N/A	In Compliance
Grade 3	50,400	53,050	177	N/A	In Compliance
Grade 4	54,000	55,915	177	N/A	In Compliance
Grade 5	54,000	55,915	177	N/A	In Compliance
Grade 6	54,000	58,360	177	N/A	In Compliance
Grade 7	54,000	55,640	177	N/A	In Compliance
Grade 8	54,000	55,640	177	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Program	Supporting Services	
	Educational Programs	General and Administrative	Total Expenses
Teachers' Salaries	\$ 1,788,781		\$ 1,788,781
Supervisor's and Administrator's Salary		\$ 352,104	352,104
Instructional Aides' Salaries	200,936	374,195	575,131
Clerical and Support Salaries		200,798	200,798
Employee Benefits	608,554	350,411	958,965
Books and Supplies	82,533	42,732	125,265
Services and Other Operating Expenses:			
Travel and Conferences	20,693	9,910	30,603
Dues and Memberships		11,695	11,695
Special Education Contribution	26,640		26,640
Staff Development	31,177		31,177
Insurance		63,724	63,724
Advertising		12,690	12,690
Computer Related Services	58,899	19,294	78,193
Professional Services	52,623	113,747	166,370
Communications		17,612	17,612
Copy Machine Related Services		28,514	28,514
Utilities and Housekeeping Services		95,339	95,339
Repairs and Maintenance		106,840	106,840
Miscellaneous		2,409	2,409
Furniture and Equipment	20,593	5,276	25,869
Debt Service - Interest and Fiscal Charges		93,757	93,757
Oversight Fee		41,628	41,628
Depreciation		237,350	237,350
Total Expenses	<u>\$ 2,891,429</u>	<u>\$ 2,180,025</u>	<u>\$ 5,071,454</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

Auditor's Comments

The audited financial statements were in agreement with the Annual Financial Report for the fiscal year ended June 30, 2018.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance 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 classroom-based and non-classroom-based students reported by grade span.

B. Schedule of Instructional Time

Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of Education Code Section 47612.5(a)(1).

C. Schedule of Functional Expenses

The schedule of functional expenses provides a more detailed breakdown of the Charter School's program and supporting service expenses.

D. Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported in the Annual Financial Report to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**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**

Board of Directors  
Chico Country Day Charter School  
Chico, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Chico Country Day Charter School, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chico Country Day Charter School's internal control over financial reporting (internal control) to determine the 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 Chico Country Day Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chico Country Day Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2018

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Directors  
Chico Country Day Charter School  
Chico, California

**Report on State Compliance**

We have audited Chico Country Day Charter School's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Charter School's state programs identified on the following page for the fiscal year ended June 30, 2018.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Charter School's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Charter School's state programs occurred. An audit includes examining, on a test basis, evidence about Chico Country Day Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chico Country Day Charter School's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools:</b>	
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
Ratios of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
<b>School Districts, County Offices of Education, and Charter Schools:</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	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
<b>Charter Schools:</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No (see below)
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 procedures for the nonclassroom-based instruction/independent study for charter schools because the ADA claimed by the Charter School did not exceed the threshold that requires testing.

Opinion on State Compliance

In our opinion, Chico Country Day Charter School complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2018-001**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

The Charter School's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Charter School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2018

FINDINGS AND QUESTIONED COSTS SECTION

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

    Material weaknesses identified? \_\_\_\_\_ Yes        X   No

    Significant deficiencies identified not considered  
    to be material weaknesses? \_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

**State Awards**

Any audit findings required to be reported in accordance  
with the *2017-18 Guide for Annual Audits of K-12 Local  
Educational Agencies and State Compliance Reporting*?   X   Yes      \_\_\_\_\_ No

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

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There are no matters to report for the fiscal year ended June 30, 2018.



CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2018 - 001 / 10000**

**MODE OF INSTRUCTION**

- Criteria:** In accordance with Education Code Section 47612.5, notwithstanding any other provision of law, and as a condition of apportionment, "classroom-based instruction" in a charter school occurs only when charter school pupils are engaged in educational activities required of those pupils and are under the immediate supervision and control of an employee of the charter school who possesses a valid teaching certification in accordance with subdivision (I) of Education Code Section 47605.
- Condition:** Two teachers taught in classrooms under expired teaching credentials for 29 and 50 school days, respectively. After recalculating the instructional minutes and excluding the instructional minutes for the 29 school days for kindergarten and 50 school days for grades 7-8, the Charter School was still in compliance with the minimum instructional minutes requirements.
- Questioned Costs:** None.
- Context:** All teacher credentials were reviewed for the 2017-18 fiscal year.
- Effect:** The Charter School did not comply with Education Code Section 47612.5.
- Cause:** The Charter School did not have a procedure in place to track and identify expiring credentials.
- Recommendation:** The Charter School should develop and utilize a credential tracking system to verify credential renewal dates for their teachers on an annual basis.
- Charter Response:** Chico Country Day School has established procedures that ensure appropriate credentialing of teachers and monitoring of credential renewal and/or expiration by the creation of a master list and the requirement of cross-checking of the list by both human resources and the Director of Education. CCDS has also purchased a comprehensive human resources & accounting program that ensures accurate tracking of credentials and notification of any impending expiration of credentials automatically.

CHICO COUNTRY DAY CHARTER SCHOOL  
(A California Non-Profit Public Benefit Corporation)

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

---

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENT</u></b>		
<b>2017 - 001 / 30000</b>		
<u>PAYROLL</u>		
The accounting controls established for processing payroll should require a detailed review to be performed by someone other than the individual who is responsible for processing the payroll. In addition, the Charter School should pay the employee \$6,919 as soon as possible.	Implemented	