

**CHICO COUNTRY DAY CHARTER SCHOOL  
CHARTER # 0112**

**(A CALIFORNIA NON-PROFIT  
PUBLIC BENEFIT CORPORATION)**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**JUNE 30, 2021**

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## 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, 2021, and the related statements of activities, functional expenses, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 supplementary information listed in the table of contents 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 14, 2021 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 14, 2021

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

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2021**

**ASSETS**

Current:		
Cash and Cash Equivalents (Note 2)	\$	2,092,462
Accounts Receivable (Note 3)		1,652,792
Prepaid Expenses (Note 1G)		25,684
		<u>3,770,938</u>
Total Current Assets		<u>3,770,938</u>
Long-Term:		
Property and Equipment: (Note 4)		
Land		186,105
Buildings and Improvements		9,830,828
Leasehold Improvements		119,878
Equipment		6,114
Less: Accumulated Depreciation		<u>(1,764,442)</u>
Total Long-Term Assets		<u>8,378,483</u>
Total Assets	\$	<u><u>12,149,421</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current:		
Accounts Payable	\$	480,894
Compensated Absences (Note 1J)		85,159
Long-Term:		
<i>Portion Due or Payable Within One Year:</i>		
Capital Lease (Note 7)		<u>119,605</u>
Total Current Liabilities		685,658
<i>Portion Due or Payable After One Year:</i>		
Capital Lease (Note 7)		<u>3,241,295</u>
Total Liabilities		<u>3,926,953</u>

**NET ASSETS**

Net Assets Without Donor Restrictions:		
Invested in Property and Equipment, net of Related Debt		5,017,583
Undesignated		<u>3,204,885</u>
Total Net Assets		<u>8,222,468</u>
Total Liabilities and Net Assets	\$	<u><u>12,149,421</u></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 ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>REVENUES</b>	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTALS</b>
LCFF Sources:			
State Aid	\$ 1,761,705		\$ 1,761,705
Education Protection Account	1,484,988		1,484,988
In-Lieu of Property Taxes	1,462,030		1,462,030
Federal Revenues:			
Emergency Impact Aid	18,048		18,048
Title I Part A Basic Grant Low-Income	40,186		40,186
Title II Part A Supporting Effective Instruction	9,478		9,478
IDEA Part B Basic Local Assistance	73,405		73,405
Corona Virus Relief: Learning Loss Mitigation	157,292		157,292
Elementary & Secondary School Emergency Relief I	12,717		12,717
Governor's Emergency Education Relief	21,161		21,161
Medi-Cal Billing Option	7,847		7,847
State Revenues:			
AB 602 Special Education	341,438		341,438
Mental Health Related Services	8,192		8,192
Lottery	137,035		137,035
In-Person Instruction	179,862		179,862
Expanded Learning Opportunities	186,498		186,498
Learning Loss Mitigation	38,988		38,988
Other State	10,753		10,753
Local Revenues:			
Interest	7,094		7,094
Preschool and Afterschool Programs	138,566		138,566
Donations and Fundraising	87,525		87,525
Other Local	78,592		78,592
Total Revenues	<u>6,263,400</u>	<u>\$ 0</u>	<u>6,263,400</u>
<b>EXPENSES</b>			
Program:			
Educational Programs	3,121,237		3,121,237
Supporting Services:			
General and Administrative	<u>2,739,358</u>		<u>2,739,358</u>
Total Expenses	<u>5,860,595</u>	<u>0</u>	<u>5,860,595</u>
Changes in Net Assets - Before Special Items	402,805	0	402,805
Special Item - Loss from Disposition of Capital Assets	(68,927)		(68,927)
Special Item - Gain from PPP Loan Forgiveness	<u>640,997</u>	<u>0</u>	<u>640,997</u>
Change in Net Assets	974,875	0	974,875
Net Assets - Beginning of Year	<u>7,247,593</u>	<u>0</u>	<u>7,247,593</u>
Net Assets - End of Year	<u>\$ 8,222,468</u>	<u>\$ 0</u>	<u>\$ 8,222,468</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 FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Educational Programs</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Teachers' Salaries	\$ 1,832,461	\$ 212,887	\$ 2,045,348
Supervisor's and Administrator's Salary		600,062	600,062
Instructional Aides' Salaries	156,333	216,652	372,985
Clerical and Support Salaries		299,065	299,065
Employee Benefits	871,555	380,489	1,252,044
Books and Supplies	72,483	33,769	106,252
Services and Other Operating Expenses:			
Travel and Conferences		459	459
Dues and Memberships		12,198	12,198
Special Education Contribution	4,504		4,504
Staff Development	36,940		36,940
Insurance		91,312	91,312
Advertising		8,851	8,851
Computer Related Services	100,408	87,042	187,450
Professional Services	33,322	137,495	170,817
Communications		30,490	30,490
Copy Machine Related Services		32,158	32,158
Utilities and Housekeeping Services		92,898	92,898
Repairs and Maintenance		138,648	138,648
Miscellaneous		3,005	3,005
Furniture and Equipment	13,231	11,002	24,233
Debt Service - Interest and Fiscal Charges		68,979	68,979
Oversight Fee		46,879	46,879
Depreciation		235,018	235,018
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 3,121,237</u>	<u>\$ 2,739,358</u>	<u>\$ 5,860,595</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, 2021**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 974,875
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	235,018
(Increase) Decrease in Assets:	
Accounts Receivable	(837,563)
Prepaid Expenses	43,161
Increase (Decrease) in Liabilities:	
Accounts Payable	(104,201)
Compensated Absences	1,621
	<hr/>
Net Cash Provided by Operating Activities	312,911

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Loss From Disposition of Property and Equipment	<hr/> 68,927
Net Cash Provided by Investing Activities	<hr/> 68,927

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Foregiveness of PPP Loan	(640,997)
Payments on Capital Lease	<hr/> (117,249)
Net Cash Used in Financing Activities	<hr/> (758,246)
Net Decrease in Cash and Cash Equivalents	(376,408)
Cash and Cash Equivalents, Beginning of Year	<hr/> 2,468,870
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ 2,092,462

**SUPPLEMENTAL DISCLOSURES:**

Cash Paid for Interest	<hr/> <hr/> \$ 68,980
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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, 2025. 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.

B. 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 the two classes of net assets are based on the existence or absence of donor-imposed restrictions. Net assets consist of the following:

Net Assets Without Donor Restrictions - All resources over which the Governing Board has discretionary control to use in carrying on the general operations of the Charter School. This portion of net assets is not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - These net assets are subject to donor-imposed restrictions to be used for specific purposes. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. At that time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. The Charter School had no net assets with donor restrictions as of June 30, 2021.

C. 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, 2021**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 net assets with donor restrictions. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. At that time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. 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.

E. 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). At times, cash in these accounts exceeds the insured amounts. The Charter School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. 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 to be cash equivalents.

F. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**J. Compensated Absences**

Compensated absences balance represents vacation pay earned but unpaid as of June 30 of the fiscal year.

**K. 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.

**L. 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. Accordingly, actual results could differ from those estimates.

**M. 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.

**N. Oversight**

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

**O. Functional Classification of Expenses**

The costs of the program and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The Charter School classifies its expenses based on the following categories:

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

O. Functional Classification of Expenses (Concluded)

Program Services

- Instruction and instructional related programs
- Special education
- Field trips

Supporting Activities

- Administration and business office staff
- Professional services
- Insurance

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on Hand and in Banks	<u>\$ 2,092,462</u>
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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.

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2021 consist of the following:

Federal Government	\$ 171,383
State Government	1,474,990
Miscellaneous	<u>6,419</u>
Total	<u>\$ 1,652,792</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended June 30, 2021, is shown below:

	Balances July 1, 2020	Additions	Deletions	Balances June 30, 2021
Land	\$ 186,105			\$ 186,105
Buildings and Improvements	9,963,378		\$ 132,550	9,830,828
Leasehold Improvements	119,878			119,878
Equipment	6,114			6,114
Totals at Historical Cost	<u>10,275,475</u>	<u>\$ 0</u>	<u>132,550</u>	<u>10,142,925</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,564,522	229,561	63,623	1,730,460
Leasehold Improvements	22,411	5,457		27,868
Equipment	6,114			6,114
Total Accumulated Depreciation	<u>1,593,047</u>	<u>235,018</u>	<u>63,623</u>	<u>1,764,442</u>
Property and Equipment, net	<u>\$ 8,682,428</u>	<u>\$ (235,018)</u>	<u>\$ 68,927</u>	<u>\$ 8,378,483</u>

**NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Charter School has \$3,745,254 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$2,092,462 and accounts receivable of \$1,652,792. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

The Charter School has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$575,000. The Charter School has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Charter School invests cash in excess of daily requirements in various short-term investments, including certificate of deposits.

**NOTE 6 - 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6 - CAPITAL LEASE (CONCLUDED)**

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:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 119,605	\$ 66,623	\$ 186,228
2023	122,009	64,219	186,228
2024	124,461	61,767	186,228
2025	126,963	59,265	186,228
2026	129,515	56,713	186,228
2027-2031	687,686	243,453	931,139
2032-2036	759,633	171,506	931,139
2037-2041	839,107	92,032	931,139
2042-2046	451,921	13,648	465,569
Totals	<u>\$ 3,360,900</u>	<u>\$ 829,226</u>	<u>\$ 4,190,126</u>

The cost of the facilities was \$7,830,542, and accumulated depreciation was \$1,096,276 as of June 30, 2021, resulting in a net book value of \$6,734,266.

**NOTE 7 - 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 8 - BOARD DESIGNATED NET ASSETS**

The Board did not have any designated net assets as of June 30, 2021.

**NOTE 9 - 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).

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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. 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 10.205% 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 2020-21 was 16.15% 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, 2021, 2020, and 2019 were \$370,184, \$369,086, and \$329,677, 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, 2021**

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**NOTE 9 - 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 50.0% of normal costs or 7.0% 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 2020-21 was 20.700%. 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, 2021, 2020, and 2019 were \$174,173, \$151,047, and \$121,818, 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 10 - 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 11 - 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, 2021**

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NOTE 12 - 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 14, 2021, 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, except as follows:

LINE OF CREDIT

On July 23, 2020, the Charter School obtained a line of credit, with Northern California National Bank, in the amount of \$250,000 at an interest rate of prime plus 1.00% with a floor of 4.25%. The line of credit expired on July 23, 2021 and was then renewed for an additional year to June 23, 2022.

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, 2021**

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**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	2022
Vacant	Vice Chair	2022
Vacant	Secretary	2022
Michelle Mittman	Treasurer	2022
Jamie Clyde	Member	2022
Thang Ho	Member	2022
Vacant	Member	2022

**ADMINISTRATION**

Margaret Reece  
Chief Business Officer

Wendy Fairon  
Director of Education

Claudia Trout  
Director of Student Affairs

Amie Parent  
Director of Student Support Services

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

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Grade Level</u>	<u>Minimum School Day</u>	<u>Instructional Days</u>			<u>Number of Instructional Days Required</u>	<u>Status</u>
		<u>Actual Days</u>	<u>J-13A Credited Days</u>	<u>Total Days</u>		
Kindergarten	180 minutes	177	0	177	175	In Compliance
Grade 1	230 minutes	177	0	177	175	In Compliance
Grade 2	230 minutes	177	0	177	175	In Compliance
Grade 3	230 minutes	177	0	177	175	In Compliance
Grade 4	240 minutes	177	0	177	175	In Compliance
Grade 5	240 minutes	177	0	177	175	In Compliance
Grade 6	240 minutes	177	0	177	175	In Compliance
Grade 7	240 minutes	177	0	177	175	In Compliance
Grade 8	240 minutes	177	0	177	175	In Compliance

**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, 2021**

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Auditor's Comments

The audited financial statements were in agreement with the Annual Financial Report for the fiscal year ended June 30, 2021.

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

**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Instructional Time

This schedule presents information on the total number of instructional days offered by the Charter School that meet the minimum school day length requirements in accordance with Education Code Sections 43501 and 43502(c) and whether the Charter School complied with the instructional days per school year standards set forth in Section 11960 of Title 5 of the California Code of Regulations.

B. 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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

### **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) 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 14, 2021

**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 *2020-21 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, 2021.

**Management's Responsibility**

Management is responsible for compliance with the requirements of state laws and regulations 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 *2020-21 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide 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 on compliance with state laws and regulations. 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>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Not Applicable
Ratio 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
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Based	Not Applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Opinion on State Compliance

In our opinion, 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, 2021.

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 *2020-21 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 14, 2021

## 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, 2021**

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**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 *2020-21 Guide for Annual Audits of K-12 Local  
Educational Agencies and State Compliance Reporting*? \_\_\_\_\_ Yes   X   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, 2021**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

There are no matters to report for the fiscal year ended June 30, 2021.

**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, 2021**

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

There are no matters to report for the fiscal year ended June 30, 2021.



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

**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENT</u></b>		
<b>2020 - 001 / 30000</b>		
<b><u>CONFLICT OF INTEREST FORMS</u></b>		
The Board members who do not have a recent form on file should be instructed to complete and file Form 700 as soon as possible.	Implemented	