

**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, 2022

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

JUNE 30, 2022

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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 Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chico Country Day Charter School as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico Country Day Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico Country Day Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 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 6, 2022 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 6, 2022

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current:	
Cash and Cash Equivalents (Note 2)	\$ 2,134,270
Accounts Receivable (Note 3)	1,338,995
Prepaid Expenses (Note 1G)	66,102
Total Current Assets	3,539,367
Long-Term:	
Property and Equipment: (Note 4)	
Land	186,105
Buildings and Improvements	9,830,828
Leasehold Improvements	119,878
Equipment	12,738
Less: Accumulated Depreciation	(2,000,548)
Total Long-Term Assets	8,149,001
Total Assets	\$ 11,688,368

LIABILITIES AND NET ASSETS

LIABILITIES

Current:	
Accounts Payable	\$ 643,931
Compensated Absences (Note 1J)	85,161
Long-Term:	
<i>Portion Due or Payable Within One Year:</i>	
Capital Lease (Note 7)	122,009
Total Current Liabilities	851,101
 <i>Portion Due or Payable After One Year:</i>	
Capital Lease (Note 7)	3,119,884
Total Liabilities	3,970,985

NET ASSETS

Net Assets Without Donor Restrictions:	
Invested in Property and Equipment, net of Related Debt	4,907,108
Undesignated	2,810,275
Total Net Assets	7,717,383
Total Liabilities and Net Assets	\$ 11,688,368

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, 2022

<u>REVENUES</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTALS</u>
LCFF Sources:			
State Aid	\$ 1,744,530		\$ 1,744,530
Education Protection Account	1,714,619		1,714,619
In-Lieu of Property Taxes	1,418,593		1,418,593
Federal Revenues:			
Education Stabilization Fund Programs	162,044		162,044
Title I	46,615		46,615
Special Education	79,858		79,858
Other Federal	20,964		20,964
State Revenues:			
Special Education	356,690		356,690
Educator Effectiveness	115,838		115,838
Lottery	140,111		140,111
Expanded Learning Opportunities	69,651		69,651
Other State	9,402		9,402
Local Revenues:			
Interest	44		44
Preschool and Afterschool Programs	170,459		170,459
Donations and Fundraising	314,736		314,736
Other Local	56,929		56,929
Total Revenues	<u>6,421,083</u>	<u>\$ 0</u>	<u>6,421,083</u>
<u>EXPENSES</u>			
Program:			
Educational Programs	3,979,314		3,979,314
Supporting Services:			
General and Administrative	<u>2,946,854</u>		<u>2,946,854</u>
Total Expenses	<u>6,926,168</u>	<u>0</u>	<u>6,926,168</u>
Change in Net Assets	(505,085)	0	(505,085)
Net Assets - Beginning of Year	<u>8,222,468</u>	<u>0</u>	<u>8,222,468</u>
Net Assets - End of Year	<u>\$ 7,717,383</u>	<u>\$ 0</u>	<u>\$ 7,717,383</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, 2022

	Program Services	Supporting Services	
	Educational Programs	General and Administrative	Total Expenses
Teachers' Salaries	\$ 2,238,322	\$ 6,445	\$ 2,244,767
Supervisor's and Administrator's Salary		677,177	677,177
Instructional Aides' Salaries	170,928	161,234	332,162
Clerical and Support Salaries	230,542	427,674	658,216
Employee Benefits	891,872	470,525	1,362,397
Books and Supplies	195,478	102,974	298,452
Services and Other Operating Expenses:			
Travel and Conferences	14,944		14,944
Dues and Memberships		8,155	8,155
Staff Development	60,093	32,986	93,079
Insurance		132,029	132,029
Computer Related Services	119,972		119,972
Professional Services	57,163	242,720	299,883
Communications		12,795	12,795
Copy Machine Related Services		33,291	33,291
Utilities and Housekeeping Services		130,585	130,585
Repairs and Maintenance		149,727	149,727
Debt Service - Interest and Fiscal Charges		67,218	67,218
Oversight Fee		55,213	55,213
Depreciation		236,106	236,106
Total Expenses	\$ 3,979,314	\$ 2,946,854	\$ 6,926,168

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (505,085)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	236,106
(Increase) Decrease in Assets:	
Accounts Receivable	313,797
Prepaid Expenses	(40,418)
Increase (Decrease) in Liabilities:	
Accounts Payable	163,037
Compensated Absences	2
Net Cash Provided by Operating Activities	<u>167,439</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Equipment	<u>(6,624)</u>
Net Cash Used by Investing Activities	<u>(6,624)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on Capital Lease	<u>(119,007)</u>
Net Cash Used by Financing Activities	<u>(119,007)</u>
Net Increase in Cash and Cash Equivalents	41,808
Cash and Cash Equivalents, Beginning of Year	<u>2,092,462</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,134,270</u>

SUPPLEMENTAL DISCLOSURES:

Cash Paid for Interest	<u>\$ 67,218</u>
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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, 2022

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. Effective July 1, 2021, all charter schools whose term expires on or between January 1, 2022 and June 30, 2025, shall have their term extended by two years pursuant to Education Code Section 47607.4. 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, 2022.

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, 2022

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, 2022

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. There was no deferred revenue balance as of June 30, 2022.

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, 2022

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 \$ 2,134,270

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, 2022 consist of the following:

Federal Government	\$ 236,622
State Government	912,248
Local Governments	196,901
Miscellaneous	<u>(6,776)</u>
Total	<u>\$ 1,338,995</u>

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2022, is shown below:

	Balances July 1, 2021	Additions	Deletions	Balances June 30, 2022
Land	\$ 186,105			\$ 186,105
Buildings and Improvements	9,830,828			9,830,828
Leasehold Improvements	119,878			119,878
Equipment	6,114	\$ 6,624		12,738
Totals at Historical Cost	10,142,925	6,624	\$ 0	10,149,549
Less Accumulated Depreciation for:				
Buildings and Improvements	1,730,460	229,561		1,960,021
Leasehold Improvements	27,868	5,994		33,862
Equipment	6,114	551		6,665
Total Accumulated Depreciation	1,764,442	236,106	0	2,000,548
Property and Equipment, net	\$ 8,378,483	\$ (229,482)	\$ (0)	\$ 8,149,001

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Charter School has \$3,539,367 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 \$2,134,270, accounts receivable of \$1,338,995, and prepaid expenses of \$66,102. 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. As more fully described in Note 6, the Charter School also has a committed line of credit in the amount of \$250,000, which it would draw upon in the event of an unanticipated liquidity need.

NOTE 6 - LINE OF CREDIT

On October 7, 2021, the Charter School renewed their line of credit, with Northern California National Bank, in the amount of \$250,000 at an interest rate of prime plus 1.5% with a floor of 5.75%. The line of credit expires on July 23, 2022. There was no balance on the line of credit as of June 30, 2022.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 - 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:

Year Ended June 30	Principal	Interest	Totals
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	132,118	54,110	186,228
2028-2032	701,508	229,631	931,139
2033-2037	774,901	156,237	931,138
2038-2042	855,973	75,165	931,138
2043-2047	274,445	5,495	279,940
Totals	\$ 3,241,893	\$ 762,602	\$ 4,004,495

The cost of the facilities was \$7,830,542, and accumulated depreciation was \$1,252,887 as of June 30, 2022, resulting in a net book value of \$6,577,655.

NOTE 8 - 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 9 - BOARD DESIGNATED NET ASSETS

The Board did not have any designated net assets as of June 30, 2022.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

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

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Benefits Provided (Concluded)

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or before January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a % of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.328%	10.328%
Required State contribution rate		

Contributions

Required member, employer, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. Current contribution rates were established by the CalSTRS Funding Plan, which was enacted with AB 1469 in June 2014. Current contribution rates have also been adjusted pursuant to SB 90 (June 2019) and AB 84 (June 2020). The contribution rates for each plan for the year ended June 30, 2022, are presented above. The Charter School contributed \$449,572 to the plan for the fiscal year ended June 30, 2022.

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. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or before January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above. The Charter School contributed \$209,103 to the plan for the fiscal year ended June 30, 2022.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

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 11 - 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 12 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The Charter School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate 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.

NOTE 13 - 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 6, 2022, 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 noted below.

LINE OF CREDIT

On September 15, 2022, the Charter School extended the maturity date of their line of credit, with Northern California National Bank, from July 23, 2022 to December 31, 2023.

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, 2022

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jessika Lawrence	Chair	2022
Devjani Banerjee-Stevens	Vice Chair	2024
Santy Gray	Secretary	2025
Charles Carter	Treasurer	2024
Jamie Clyde	Member	2025
Thang Ho	Member	2026
Melissa Pearson	Member	2024

ADMINISTRATION

Vacant
Chief Business Officer

Wendy Fairon
Director of Education

Claudia Trout
Dean of Student Affairs

Amie Parent
Director of Student Support Services

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<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	246.05	254.64	254.63	254.63
Grades 4-6	168.65	173.02	173.96	173.96
Grades 7-8	106.06	108.59	108.83	108.83
Totals	<u>520.76</u>	<u>536.25</u>	<u>537.42</u>	<u>537.42</u>
			<u>Audited - Annual Report</u>	
<u>Grade Level</u>			<u>Classroom- Based</u>	<u>Totals</u>
TK / K - 3			247.70	254.63
Grades 4-6			169.49	173.96
Grades 7-8			106.67	108.83
Totals			<u>523.86</u>	<u>537.42</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2021-22 Actual Minutes</u>	<u>Instructional Days</u>		<u>Status</u>
			<u>Number of Days Traditional Calendar</u>	<u>J-13A Credited</u>	
Kindergarten	36,000	42,020	178	0	In Compliance
Grade 1	50,400	52,610	178	0	In Compliance
Grade 2	50,400	52,610	178	0	In Compliance
Grade 3	50,400	53,570	178	0	In Compliance
Grade 4	54,000	56,030	178	0	In Compliance
Grade 5	54,000	56,030	178	0	In Compliance
Grade 6	54,000	59,028	178	0	In Compliance
Grade 7	54,000	59,028	178	0	In Compliance
Grade 8	54,000	59,028	178	0	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, 2022

	Charter Schools Enterprise Fund
Annual Financial Report Net Assets - June 30, 2022	\$ 7,733,776
Adjustments Increasing (Decreasing) Net Assets:	
Overstatement of Federal Revenues	(12,717)
Understatement of Oversight Fee Expenses	(3,676)
Net Adjustments	(16,393)
Audited Financial Statement Net Assets - June 30, 2022	\$ 7,717,383

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

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 all students reported by grade span.

B. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the charter school and whether the charter school complied with the provisions of Education Code Sections 47612 and 47612.5.

C. 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, 2022, 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 6, 2022.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2022-001** to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, as **Findings 2022-002** and **2022-003** to be significant deficiencies.

Report on 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*.

Charter School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Chico Country Day Charter School's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Chico Country Day Charter School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 6, 2022

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

Opinion on State Compliance

We have audited Chico Country Day Charter School's (Charter School) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the Charter School's state programs identified below for the year ended June 30, 2022.

In our opinion, Chico Country Day Charter School complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (2021-22 Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, we express no such opinion; and;
- Select and test transactions and records to determine the Charter School's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
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
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	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2022-004** through **2022-007**.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the noncompliance findings identified in our audit and 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.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 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 6, 2022

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, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified	
Any audit findings required to be reported in accordance with the <i>2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?</i>	<u> X </u> Yes	<u> </u> No
Any audit findings required to be reported in accordance with other state laws and regulations?	<u> </u> Yes	<u> X </u> No
Internal control over state programs:		
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported

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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

2022 - 001 / 30000

MATERIAL WEAKNESS

FINANCIAL REPORTING - UNAUDITED ACTUALS

<u>Criteria:</u>	Each year, charter schools are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the "Unaudited Actuals" Financial Report. Accordingly, the Charter School should have an effective system of internal control over financial reporting that will ensure that the information contained in the report is free of material misstatement.
<u>Condition:</u>	The Charter School's "Unaudited Actuals" included misstatements that we consider to be material to their annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where audit adjustments were required.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The adjustment that was made to ensure that the Charter School's Enterprise Fund financial statements were fairly stated is presented on page 21 of this report.
<u>Effect:</u>	When an effective system of internal control over financial reporting is not in place, there is a reasonable possibility that material misstatements of the Charter School's financial statements will not be prevented, or detected and corrected on a timely basis.
<u>Cause:</u>	The Charter School did not appear to perform a formal comprehensive financial reporting review of the information that is presented in the "Unaudited Actuals".
<u>Recommendation:</u>	The Charter School should develop a comprehensive financial reporting checklist, which can be used by staff during the year-end closing process, to prevent material misstatements from occurring in the future.
<u>Charter Response:</u>	Chico Country Day School accepts this finding and will develop a comprehensive financial reporting checklist to be used during the year-end closing process to prevent misstatements.

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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022 - 002 / 30000

SIGNIFICANT DEFICIENCY

CONFLICT OF INTEREST FORMS

Criteria: A "Statement of Economic Interests" Form (California Form 700) is required to be submitted to the Charter School by April 1st of each year. For initial statements of elected officials, forms should be submitted within 30 days after assuming office.

Condition: Five of the seven Board members did not have a recent Form 700 on file with the Charter School and one Board member turned in their Form 700 after April 1, 2022.

Questioned Cost: None.

Context: Form 700 for the 1/1/2021 to 12/31/2021 period.

Effects: There is no way to identify, in a timely manner, if potential conflicts of interest exist for the Board members.

Cause: Despite several requests from the Charter School business office, Board members either did not complete and file Form 700 or filed the form after April 1, 2022.

Recommendation: Board members should be reminded of the requirement to complete and file Form 700 prior to April 1 of each year. 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.

Charter Response: Chico Country Day School accepts this finding and has collected and filed 700 forms from every Board member. We will develop and implement a process to ensure all Board member complete and file 700 forms by April 1st of every year.

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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2022 - 003 / 30000

SIGNIFICANT DEFICIENCY

DAYCARE

Criteria: All daycare related fees and discounts should be supported by schedules or board minutes which have been reviewed and approved by the Board of Directors.

Condition: Employee discounts for daycare fees was not supported by any documentation approved by the Board.

Questioned Cost: None.

Context: The condition existed throughout the 2021-22 fiscal year.

Effect: The validity of the discount offered to employees cannot be tested without adequate supporting documentation to support it.

Cause: The Charter School believes that the Board approved the discount in prior years, but was unable to provide board minutes that show the Board approval.

Recommendation: Daycare fee discounts for employees should be approved by the Board of Directors on an annual basis.

Charter Response: Chico Country Day School accepts this finding and will agendize this item annually.

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, 2022

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022 - 004 / 10000

ATTENDANCE

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

Condition: The Charter School's Annual attendance report was not adequately prepared or reviewed prior to being submitted to the California Department of Education (CDE). As a result, the Charter School did not report any non-classroom-based ADA on line C-1.

Questioned Costs: None.

Context: The 2021-22 Annual attendance report.

Effect: The attendance report prepared by the Charter School was not prepared in accordance with State requirements.

Cause: Attendance report was not reviewed by a second employee prior to being submitted to the CDE.

Recommendation: The Charter School should establish appropriate procedures to ensure that the required attendance reports are prepared in accordance with all State requirements. In addition, the Charter School should revise the Annual attendance report to reflect the ADA on page 19 of this report.

Charter Response: Chico Country Day School accepts this finding. The school has established an MOU with Butte Country Office of Education (BCOE) to compile, complete, and submit required attendance reports, ensuring they are prepared in accordance with all State requirements. The school will work with BCOE to revise the Annual Attendance Report to reflect the ADA on page 19 of this report.

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, 2022

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022 - 005 / 10000

ATTENDANCE - DIGITAL TEACHER SIGNATURES

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

Condition: Attendance log reports were not signed by the teachers who recorded the attendance.

Questioned Costs: None. Attendance is recorded on-line in the classrooms by the teachers. In addition, we determined that the attendance recorded was based on the actual attendance of the students, and could be relied upon for attendance reporting purposes.

Context: The condition was noted throughout fiscal year 2021-22.

Effect: No certifications were made, by the teachers who recorded the attendance, as to the accuracy or completeness of the reported attendance.

Cause: The Charter School has not adequately enforced procedures that require attendance log reports to be signed annually by the teachers who recorded the attendance.

Recommendation: The Charter School should enforce procedures that require attendance log reports to be signed annually by the teachers who recorded the attendance.

Charter Response: Chico Country Day School accepts this finding and will establish appropriate procedures to require attendance log reports to be signed annually by the teachers who recorded the attendance.

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, 2022

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022 - 006 / 40000

EXPANDED LEARNING OPPORTUNITIES GRANT

<u>Criteria:</u>	Pursuant to Education Code Section 43522(e), on or before June 1, 2021, the governing board or body of a local educational agency that receives funds under subdivision (b) of Section 43521 shall adopt at a public meeting a plan describing how the apportioned funds will be used in accordance with this section. Within 5 days of adoption, a school district shall submit the plan to its county office of education, a charter school shall submit its plan to its chartering authority, and a county office of education or a school district in a single-district county shall submit its plan to the department. A county office of education or a chartering authority shall send received plans to the Superintendent upon request. Local educational agencies shall provide an opportunity for parents and school site staff to be involved in the development of the plan.
<u>Condition:</u>	The Charter School adopted the expanded learning opportunities grant plan at a public meeting on May 12, 2021. The plan was not submitted to the Charter School's chartering authority, Chico Unified School District.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The 2020-21 expanded learning opportunities grant plan.
<u>Effect:</u>	The Charter School is not in compliance with requirements of Education Code Section 43522(e).
<u>Cause:</u>	The Charter School was unaware that the plan had to be submitted to its chartering authority within 5 days of adoption.
<u>Recommendation:</u>	The Charter School should subscribe to updates from the California Department of Education, attend meetings and training provided by CDE and other oversight agencies, and establish a channel to track changes and updates to laws and regulations, to ensure information regarding compliance areas are obtained timely and are fully understood.
<u>Charter Response:</u>	Chico Country Day School accepts this finding. CCDS subscribes to updates from the California Department of Education and will ensure staff attend meetings and training provided by CDE and other oversight agencies. The CCDS Business Office will establish a channel to track changes and updates to laws and regulations to ensure information regarding compliance areas are obtained timely and are fully understood.

CHICO COUNTRY DAY CHARTER SCHOOL
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2022 - 007 / 40000

CALIFORNIA CLEAN ENERGY JOBS ACT

<u>Criteria:</u>	<p>In accordance with Public Resources Code 26240(b), as a condition of receiving funds from the Job Creation Fund, not sooner than one year but no later than 15 months after an entity completes its first eligible project with a grant, loan, or other assistance from the Job Creation Fund, the entity shall submit a report of its project expenditures to the Citizens Oversight Board.</p> <p>The deadline for all Proposition 39 funded projects to be installed is June 30, 2021 and all LEAs must submit annual progress reports the California Energy Commission no later than September 30, 2021. Final project completion reports are due no later than September 30, 2022.</p>
<u>Condition:</u>	<p>The Charter School did not complete and submit the Final Project Completion Report on or before September 30, 2022.</p>
<u>Questioned Costs:</u>	<p>\$236,645. (This amount represents Proposition 39 project funding received by the Charter School)</p>
<u>Context:</u>	<p>California Clean Energy Jobs Act K-12 Program - Prop 39.</p>
<u>Effect:</u>	<p>The Charter School did not comply with Public Resources Code Section 26240(b).</p>
<u>Cause:</u>	<p>Turnover in the business department.</p>
<u>Recommendation:</u>	<p>The Charter School should contact the California Department of Education to determine whether any further action is required.</p>
<u>Charter Response:</u>	<p>Chico Country Day School accepts this finding and will contact the CDE to determine whether any further action is required.</p>

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

STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

There were no findings reported in the 2020-21 audit report.