



Charter Academy of the Redwoods

Notice of Special Meeting

Fullerton Classroom

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Meeting ID: 794 2112 2651 Passcode: W53BF9
(707) 467-0500

January 25, 2025 * 6:00 p.m. Open Session



Welcome! The agenda is provided for this special meeting of the Board of Directors of *Charter Academy of the Redwoods*, a non-profit public benefit corporation. All business of the Board is limited to these items and is conducted to fulfill the mission of preparing students for a successful future in safe, challenging, well-managed charter schools. If you wish to speak or present written comments, please notify the chairperson. A copy of any items that are identified as “back-up” is available upon request.

I. Welcome and Opening

- a. Call to Order/Roll Call
- b. Adoption of Agenda

II. Regular Meeting—Action Items

- a. **Approval of Audit Report 2020–2021**—The Directors are requested to approve the final Audit Report for the previous fiscal year. (back-up)

III. Public Comment for Items Not on the Agenda—The Board reserves 10 minutes for members of the public to address the Board on items not on the agenda and within its jurisdiction. The Board is prohibited by law from taking action on matters not on the agenda, but may ask questions to clarify the speaker's comment, briefly answer questions, and refer the speaker to follow up with a specific staff member.

IV. Next Regular Meeting—Tuesday, March 8, 2022@ 6:00 p.m. @ Redwood Academy of Ukiah

V. Adjournment

CHARTER ACADEMY OF THE REDWOODS

COUNTY OF MENDOCINO
UKIAH, CALIFORNIA

ANNUAL FINANCIAL REPORT
JUNE 30, 2021

Draft

ROBERTSON & ASSOCIATES, CPAs
A Professional Corporation

CHARTER ACADEMY OF THE REDWOODS
ORGANIZATION
JUNE 30, 2021

The Charter Academy of the Redwoods (Charter) is a public Nonprofit benefit corporation, and a part of the State of California Public School System. The Charter was incorporated in 1999 in California for the purpose of providing educational services. It operates two charter schools: Redwood Academy of Ukiah, with instruction commencing in the 2000/2001 school year and Accelerated Achievement Academy, with instruction commencing in the 2002/2003 school year. Redwood Academy of Ukiah serves grades seven through twelve, and Accelerated Achievement Academy serves grades four through twelve.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Jay Joseph	President	December 31, 2023
Mr. Richard Muenzer	Clerk	December 31, 2022
Ms. Shawna Aguilar	Member	December 31, 2021
Mr. Kip Webb	Member	December 31, 2021
Ms. Anne Ford	Member	December 31, 2023

ADMINISTRATION

<u>Name</u>	<u>Title</u>	<u>Tenure</u>
Ms. Elna A. Gordon	President/Co-Executive Director/Principal	13 years
Ms. Selah M. Sawyer	Secretary/Co-Executive Director/Principal	14 years
Mr. James L. Switzer	Treasurer/CFO	16 years

OPERATING CHARTERS

Redwood Academy of Ukiah
Charter Number - 0271

Accelerated Achievement Academy
Charter Number - 0439

ADDRESS OF CHARTER SCHOOL

1059 North State Street
Ukiah, CA 95482

CHARTER ACADEMY OF THE REDWOODS
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JUNE 30, 2021

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ROBERTSON & ASSOCIATES, CPAs

A PROFESSIONAL CORPORATION

WWW.ROBERTSONCPA.COM

1101 NORTH MAIN STREET
LAKEPORT, CA 95453
PHONE: (707) 263-9012 ♦ FAX: (707) 263-6001
WWW.ROBERTSONCPA.COM

601 NORTH STATE STREET
UKIAH, CA 95482
PHONE: (707) 468-5711 ♦ FAX: (707) 468-0132
TOLL FREE (800) 619-4762

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Charter Academy of the Redwoods
Ukiah, California

Report on the Financial Statements

We have audited the accompanying financial statements of Charter Academy of the Redwoods (Charter), (a California public Nonprofit benefit corporation), which comprise the statement of financial position as of June 30, 2021, the 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 of 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 Charter'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 Charter'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 Charter Academy of the Redwoods 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 combining financial statements on pages 19 through 20 are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 21 through 23, required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 on our consideration of the Charter'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 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 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 the Charter's internal control over financial reporting and compliance.

Robertson & Associates, CPAs

Lakeport, California

FINANCIAL SECTION

Draft

CHARTER ACADEMY OF THE REDWOODS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	
Current Assets:	
Cash and equivalents	\$ 3,037,451
Accounts receivable	585,351
Prepaid expenses	<u>9,795</u>
Total Current Assets	3,632,597
Property and equipment, net of accumulated depreciation	<u>247,521</u>
Total Assets	<u><u>\$ 3,880,118</u></u>
LIABILITIES	
Accounts payable	<u>\$ 337,025</u>
Total Liabilities	337,025
NET ASSETS	
Without Donor Restrictions	<u>3,543,093</u>
Total Liabilities and Net Assets	<u><u>\$ 3,880,118</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER ACADEMY OF THE REDWOODS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restriction
REVENUES, GAINS, AND OTHER SUPPORT	
Revenues and Gains:	
State aid	\$ 2,250,252
In-lieu of property taxes	756,794
Federal	462,172
Other state	274,614
Interest	21,656
Contributions - Fundraising	3,401
Other local	69,147
	3,838,036
EXPENSES	
Program Services:	
Education	1,816,909
Management and general	1,461,631
Support Services:	
Fundraising	7,387
	3,285,927
Total Expenses	3,285,927
Increase (Decrease) in Net Assets Without Donor Restrictions	552,109
Net Assets - Beginning	2,990,984
Net Assets - Ending	\$ 3,543,093

The accompanying notes are an integral part of these financial statements.

CHARTER ACADEMY OF THE REDWOODS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Support Services		Total ¹
	Education	Management and General	Fundraising	
Certificated salaries	\$ 937,723	\$ 143,604	\$ -	\$ 1,081,327
Classified salaries	233,697	232,265	-	465,962
Employee benefits	416,317	262,628	-	678,945
Supplies and activities	116,421	58,820	-	175,241
Contract services and other operating activities	105,104	755,583	7,387	868,074
Depreciation	7,647	8,731	-	16,378
Total Expenses	\$ 1,816,909	\$ 1,461,631	\$ 7,387	\$ 3,285,927

¹ Program services expenses represent 55.29 percent of total expenses, while Management and General represent 5.46 percent and Fundraising expenses represent 44.71 percent of total expenses.

CHARTER ACADEMY OF THE REDWOODS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net operating revenues (expenses) to net cash and cash equivalents provided (used) by operating activities:

Change in net assets	\$ 552,109
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	16,378
Changes in assets and liabilities affecting operating activities:	
(Increase) Decrease in:	
Accounts receivable	(204,318)
Prepaid expense	21,905
Increase (Decrease) in:	
Accounts payable	(18,668)
Net cash provided by operating activities	367,406
Net increase in cash and equivalents	367,406
Cash Balance - Beginning	2,670,045
Cash Balance - Ending	\$ 3,037,451

NON CASH TRANSACTIONS

There were no non-cash investing or financing activities.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Charter Academy of the Redwoods (Charter or Organization) is a public Nonprofit benefit corporation, and a part of the State of California Public School System. It receives most of its funding from state sources and local taxes, through the State of California's general-purpose entitlement funding system. The Charter was established August 25, 1999.

The Charter was granted approval for two Charter Schools, sponsored by Ukiah Unified School District, pursuant to *Education Code 47605* as follows:

Redwood Academy of Ukiah, approved on September 20, 1999, serves grades seven through twelve. Redwood Academy's current District approval is valid through June 30, 2024.

Accelerated Achievement Academy, approved on November 13, 2001, serves grades four through twelve. Accelerated Achievement Academy's current District approval is valid through June 30, 2022.

The Board of Directors has governance responsibilities over all of the Charter's activities. Board members are nominated by the community and elected by the Board of Directors and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

C. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

D. Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Foundation's consolidated financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets, which requires a nonprofit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Charter for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

E. Change in Accounting Principle

As of July 1, 2020, the Charter adopted the provisions of FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the Charter financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

The Charter has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the Charter financial statement disclosures.

F. Net Asset Classes

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

H. Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services activities 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 based on management's estimates. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

I. Cash and Equivalents

For the purposes of the statement of cash flows, the Charter considers all cash in county treasury, on hand, in banks, and with Fiscal Agent to be cash equivalents. At June 30, 2021, the Charter did not have any highly liquid investments.

J. Fair Value Measurements

The Charter follows fair value measurements and disclosure standards which define fair value, establishes a framework for measuring fair value of financial assets and liabilities, and provides disclosure guidance. Under the standard for fair value measurements and disclosures, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.

Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

Cash in County Treasury pools are measured at fair value using level 1 inputs. Fair market value adjustments have not been recorded as they are determined immaterial to the Charter.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

The carrying amount of cash, accounts receivables and accounts payable approximate fair value because of the short maturity of those instruments.

K. Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

L. Local Control Funding Formula / Property Taxes

The Charter's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

M. Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

N. Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

O. Compensated Absences

The Charter does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2021.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Income Taxes

The Charter is a Nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from state franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2017 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Q. Property and Equipment

Property and equipment are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. There are no restricted property and equipment as of June 30, 2021.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis and an annual convention over the following estimated useful lives in years:

Buildings and improvements	39
Equipment	5 - 7

R. Risk Management

The Charter participates in one joint power agreement (JPA) as described in Note 5 for the various insurance and risk management needs that have been identified.

S. Measure of Operations

In its statement of activities, the Charter includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

CHARTER ACADEMY OF THE REDWOODS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Risk Concentration

For the years ended June 30, 2021, approximately 78.35% and 12.04% of the total funding for the Charter came from State and Federal support, respectively.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Charter's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

NOTE 3. CASH AND EQUIVALENTS

Cash and Equivalents at June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and Equivalents

Pooled Funds:

Cash in county treasury	\$ 3,027,145
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Net Cash in County Treasury	3,027,145
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Deposits:

Cash on hand and in banks	6,306
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Cash in revolving fund	4,000
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Total Cash and Equivalents	\$ 3,037,451
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Cash in County Treasury

In accordance with Education Code 41001, the Charter maintains substantially all of its cash in the Mendocino County Treasury (the Treasury). The Treasury pools these funds with those of other governmental agencies in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. CASH AND EQUIVALENTS (Continued)

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

Investments Authorized by the Charter's Investment Policy

The table below identifies the investment types authorized for the Charter by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations			
CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper - Non-Pooled Funds	270 days or less	25% of the agency's money	Highest letter and number rating by an
Commercial Paper - Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number rating by an
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	50%	None
Placement Service Certificates of Deposit	5 years	50%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years or less	30%	"A" rating category or its equivalent or better Multiple
Mutual Funds and Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Power Authority Pools	N/A	None	Multiple
Local Agency Investment Funds (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years or less	30%	"AA" rating category or its equivalent or better
Public Bank Obligations	5 years	None	None

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. CASH AND EQUIVALENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2021, the weighted average maturity of the investments contained in the Treasury investment pool was not available.

Credit Risk

Generally, credit risk, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Charter's deposits may not be returned to it. The Charter does not have a formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, the Charter's bank balances were fully insured.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the Charter will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code and the Charter's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consists of the following:

Property and Equipment	
Land improvements	\$ 52,210
Buildings and improvements	384,212
Equipment	<u>36,315</u>
Total Property and Equipment	472,737
Less Accumulated Depreciation	<u>(225,216)</u>
Net Property and Equipment	<u><u>\$ 247,521</u></u>

Total depreciation for year is \$16,378.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. JOINT POWERS AGREEMENTS

The Charter is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2021, the Charter participated in several joint powers agencies (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the Charter are as follows:

The Northern California Schools Insurance Group (NCSIG) arranges for and provides property and liability insurance for its members. The Charter pays a premium commensurate with the level of coverage requested. This is a partial self-insurance program. The JPA is governed by an Executive Committee consisting of a representative from each member. The Governing Board controls the operations of its JPA independent of any influence by the Charter beyond the Charter's representation on the Governing Board. The JPA is independently accountable for its fiscal matters.

The Insurance Group maintains its own accounting records. The budget is not subject to any approval other than that of the Executive Committee. The Charter also participates in California Charter School Association Joint Powers Authority (CCSA-JPA, DBA CharterSAFE) which is organized in accordance with Title 1, Division 7, Chapter 5, Article 1 of the California Government Code. The purpose of the CharterSAFE is to jointly provide for a self-insurance plan and system for workers' compensation claims against the member public educational agencies. The Alliance is under the control and direction of a Board of Directors consisting of representatives of the twenty member agencies.

In addition, the Charter also participate in the Schools Excess Liability Fund (SELF), a State Joint Powers Agency established as a cooperative program of self-funding and risk management for excess liability for California public educational agencies. Members commit to a three-year participation in SELF, but those withdrawing after three years may be entitled to a partial refund five years after withdrawal, under certain conditions. Members may be required to make additional contributions in the event excess liability claims against SELF exceed available resources.

The relationship between the Charter and the JPAs is such that the JPAs are not component units of the Charter for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPA. Separately issued financial statements can be requested from each JPA.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. 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 plans are 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 Organization chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter has no plans to withdraw from this multi-employer plan.

A. State Teachers' Retirement System

1. Plan Description and Provisions

The Charter contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

2. Funding Policy

For fiscal year ended June 30, 2021, active plan members hired before January 1, 2013 are required to contribute 10.25% of their creditable compensation, and those hired after are required to contribute 10.205% of their creditable compensation. The Charter is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21. The required employer contribution rate for year 2018/2019 was 18.13% of annual payroll. The contribution requirements of the plan members are established by state statute.

For fiscal year ended June 30, 2021, active plan members hired before January 1, 2013 are required to contribute 10.25% of their creditable compensation, and those hired after are required to contribute 10.205% of their creditable compensation. Required member, the Charter and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period.

The required employer contribution rate for year 2020/2021 was 10.328% of annual payroll. The contribution requirements of the plan members are established by state statute.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The Charter's contribution to STRS for the year ending June 30, 2021, 2020, and 2019 were \$169,202, \$178,388, and \$156,196 respectively and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System

1. Plan Description and Provisions

The Charter 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. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. The Charter did not contribute more than 5% of the total contributions to the plan. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

2. Funding Policy

Active plan members are required to contribute 7.0%. The Charter 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 2020/2021 was 20.70% of annual payroll. The contribution requirements of the plan members are established by State statute.

The Charter's contributions to CalPERS for the year ending June 30, 2021, 2020, and 2019 were \$85,285, \$91,666, and \$74,565 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 (STRS or PERS) must be covered by social security or an alternative plan. The Charter has elected to use Social Security.

D. On Behalf Payment

The State of California makes contributions to STRS on behalf of the Charter. These payments consist of State General Fund contributions to STRS for the year ended June 30, 2021. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; however, guidance received from the California Department of Education advises local education agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

The Charter did not enter into any early retirement incentive agreements during 2020/2021, pursuant to California Education Code, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7. COMMITMENTS AND CONTINGENCIES

A. Grants

The Charter received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Charter at June 30, 2021.

B. Litigation

As of June 30, 2021 the Charter is not currently involved in any litigation.

C. Commitments

As of June 30, 2021 the Charter had no material commitments outstanding.

NOTE 8. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Charter through and concluded that subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the Charter’s operations and financial results at this time.

SUPPLEMENTARY INFORMATION SECTION

Draft 1

CHARTER ACADEMY OF THE REDWOODS
 COMBINING SCHEDULE OF FINANCIAL POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	Operating Charters		Total
	Redwood Academy of Ukiah	Accelerated Achievement Academy	
ASSETS			
Cash and Equivalents	\$ 1,595,444	\$ 1,442,007	\$ 3,037,451
Accounts receivable	236,231	349,120	585,351
Prepaid expenses	4,898	4,897	9,795
Total Current Assets	<u>1,836,573</u>	<u>1,796,024</u>	<u>3,632,597</u>
Property and Equipment:			
Depreciable, net of accumulated depreciation	<u>131,542</u>	<u>115,979</u>	<u>247,521</u>
Total Property and Equipment	<u>131,542</u>	<u>115,979</u>	<u>247,521</u>
Total Assets	<u>\$ 1,968,115</u>	<u>\$ 1,912,003</u>	<u>\$ 3,880,118</u>
LIABILITIES			
Accounts payable	<u>\$ 167,365</u>	<u>\$ 169,660</u>	<u>\$ 337,025</u>
Total Liabilities	<u>167,365</u>	<u>169,660</u>	<u>337,025</u>
NET ASSETS			
Without Donor Restrictions	<u>1,800,750</u>	<u>1,742,343</u>	<u>3,543,093</u>
Total Liabilities and Net Assets	<u>\$ 1,968,115</u>	<u>\$ 1,912,003</u>	<u>\$ 3,880,118</u>

See accompanying notes to supplementary information.

CHARTER ACADEMY OF THE REDWOODS
 COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2021

	Operating Charters		Total
	Redwood Academy of Ukiah	Accelerated Achievement Academy	
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues and Gains:			
State apportionments	\$ 1,090,970	\$ 1,159,282	\$ 2,250,252
In-lieu of property taxes	384,608	372,186	756,794
Federal	148,482	313,690	462,172
Other state	76,864	197,750	274,614
Interest	10,828	10,828	21,656
Fundraising	3,401	-	3,401
Other local	30,074	39,073	69,147
Total Revenues and Gains Without Donor Restrictions	<u>1,745,227</u>	<u>2,092,809</u>	<u>3,838,036</u>
Expenses:			
Certificated salaries	512,556	568,771	1,081,327
Classified salaries	238,958	227,004	465,962
Employee benefits	335,835	343,110	678,945
Supplies and activities	67,291	107,950	175,241
Contract services and other operating activities	337,069	531,005	868,074
Depreciation	10,497	5,881	16,378
Total Expenses	<u>1,502,206</u>	<u>1,783,721</u>	<u>3,285,927</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	243,021	309,088	552,109
Net Assets - Beginning	<u>1,557,729</u>	<u>1,433,255</u>	<u>2,990,984</u>
Net Assets - Ending	<u>\$ 1,800,750</u>	<u>\$ 1,742,343</u>	<u>\$ 3,543,093</u>

See accompanying notes to supplementary information.

CHARTER ACADEMY OF THE REDWOODS
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2021

Redwood Academy of Ukiah

Grade Level	2020/2021 Traditional Number of Instructional Days Offered ¹	2020/2021 Approved J-13A Days ²	2020/2021 Total Credited Days	Status
Grade seven	175	0	175	In Compliance
Grade eight	175	0	175	In Compliance
Grade nine	175	0	175	In Compliance
Grade ten	175	0	175	In Compliance
Grade eleven	175	0	175	In Compliance
Grade twelve	175	0	175	In Compliance

¹ The Charter did not utilize a multitrack calendar during the 2020/2021 fiscal year.

² The Charter did not file Form J-13A for any emergency closure days for the 2020/2021 fiscal year.

The charter school, has complied with Education Code section 47612 the number of instructional days offered during the year audited and the charter school complied with the instructional days provisions.

CHARTER ACADEMY OF THE REDWOODS
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2021

Accelerated Achievement Academy

Grade Level	2020/2021 Traditional Number of Instructional Days Offered ¹	2020/2021 Approved J-13A Days ²	2020/2021 Total Credited Days	Status
Grade four	175	0	175	In Compliance
Grade five	175	0	175	In Compliance
Grade six	175	0	175	In Compliance
Grade seven	175	0	175	In Compliance
Grade eight	175	0	175	In Compliance
Grade nine	175	0	175	In Compliance
Grade ten	175	0	175	In Compliance
Grade eleven	175	0	175	In Compliance
Grade twelve	175	0	175	In Compliance

¹ The Charter did not utilize a multitrack calendar during the 2020/2021 fiscal year.

² The Charter did not file form J-13A for any emergency closure days for the 2020/2021 fiscal year.

The charter school, has complied with Education Code section 47612 the number of instructional days offered during the year audited and the charter school complied with the instructional days provisions.

CHARTER ACADEMY OF THE REDWOODS
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. PURPOSE OF SCHEDULES

A. Combining Financial Schedules

These schedules provide detailed information on the Charter's operating sites, Redwood Academy of Ukiah and Accelerated Achievement Academy, by object.

B. Schedule of Instructional Time

This schedule presents information on the number of instructional days offered on the traditional calendar and on any multitrack calendars by the Charter and whether the Charter complied with the provisions of Education Code section 47612.

C. Reconciliation of Annual Financial Report - Alternative Form with Audited Financial Statements

The annual financial report - alternative form agreed with the audited financial statements. As a result, a schedule reconciling the alternative form to the audited financial statements has not been included in the supplementary information.

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OTHER INDEPENDENT AUDITOR'S REPORTS

Draft

ROBERTSON & ASSOCIATES, CPAs

A PROFESSIONAL CORPORATION
WWW.ROBERTSONCPA.COM

1101 NORTH MAIN STREET
LAKEPORT, CA 95453
PHONE: (707) 263-9012 ♦ FAX: (707) 263-6001
WWW.ROBERTSONCPA.COM

601 NORTH STATE STREET
UKIAH, CA 95482
PHONE: (707) 468-5711 ♦ FAX: (707) 468-0132
TOLL FREE (800) 619-4762

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Charter Academy of the Redwoods
Ukiah, 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 Charter Academy of the Redwoods (Charter), which comprise the statement of financial position as June 30, 2021, and the related statement 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 .

Internal Control Over Financial Reporting

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

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

Purpose of this Report

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

Robertson & Associates, CPAs

Lakeport, California

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ROBERTSON & ASSOCIATES, CPAs

A PROFESSIONAL CORPORATION

WWW.ROBERTSONCPA.COM

1101 NORTH MAIN STREET
LAKEPORT, CA 95453
PHONE: (707) 263-9012 ♦ FAX: (707) 263-6001
WWW.ROBERTSONCPA.COM

601 NORTH STATE STREET
UKIAH, CA 95482
PHONE: (707) 468-5711 ♦ FAX: (707) 468-0132
TOLL FREE (800) 619-4762

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Charter Academy of the Redwoods
Ukiah, California

Compliance

We have audited Charter Academy of the Redwoods (Charter)'s compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a material effect on each of the Charter's state programs for the year ended June 30, 2021.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the Charter's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Charter's compliance with the applicable compliance requirements based on our compliance audit.

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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the Charter's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies:	
Attendance	Yes
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Not Applicable
Ratios of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Reserved	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
School Districts, County Office 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	No, See below
Attendance	Yes
Mode of Instruction	No, See below
Nonclassroom-Based Instruction/Independent Study For Charter Schools	No, See Below
Determination of Funding for Nonclassroom-Based Instruction	No, See Below
Charter School Facility Grant Program	Yes

The term "Not Applicable" used above is to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

The Charter does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The Charter was not classified as a nonclassroom-based charter school pursuant to sections 47612.5 and 47634.2 as of the 2019-20 fiscal year; therefore, we did not perform any procedures related to the Mode of Instruction.

The Charter was not classified as a nonclassroom-based charter school pursuant to sections 47612.5 and 47634.2 as of the 2019-20 fiscal year; therefore, we did not perform any procedures related to the Nonclassroom-Based Instruction/Independent Study for Charter Schools.

The Charter was not classified as a nonclassroom-based charter school pursuant to sections 47612.5 and 47634.2 as of the 2019-20 fiscal year; therefore, we did not perform any procedures related to the Determination of Funding for Nonclassroom-Based Instruction.

Basis for Qualified Opinion on State Compliance

As described in the accompanying schedule of findings and responses, the Charter did not comply with compliance requirements regarding Unduplicated Local Control Funding Formula Pupil Counts as described item 2021-001. Compliance with such requirements is necessary, in our opinion, for Charter Academy of the Redwoods to comply with state laws and regulations applicable to that program.

Qualified Opinion on State Programs

In our opinion, except for the noncompliance with Unduplicated Local Control Funding Formula Pupil Counts identified in the schedule of findings and responses, as item 2021-001, Charter Academy of the Redwoods complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2021.

Unmodified Opinion on Each of the other State Programs

In our opinion, the Charter complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the state compliance programs identified in the table above for the year ended June 30, 2021.

Charter's Response to Findings

The Charter's response to the finding identified in our audit is included in the accompanying schedule of findings and responses. We did not audit the Charter's response and, accordingly, express no opinion on the response.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Robertson & Associates, CPA's

Lakeport, California

FINDINGS AND RESPONSES SECTION

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FINDINGS AND RESPONSES SECTION

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CHARTER ACADEMY OF THE REDWOODS
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

Financial Statement Findings

There were no findings or questioned costs relative to the financial statement.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards or programs.

State Award Findings and Questioned Costs

2021-001 Unduplicated Pupil Count / State Code 40000 State Compliance

Criteria

Students classified as English Learners or Free or Reduced-Price Meals eligible and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student list report must have supporting documents that indicates the student was eligible for the designation. Auditors are required to verify compliance with Education Code Section 4238.01 (a) in Section W of the 2020/2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition

The Redwood Charter Academy of Ukiah claimed pupils that were not income eligibility for free or reduced-priced meals under the National School Lunch Program. Of the 75 students tested, 7 had discrepancies; 6 students were marked direct certified, and they were not direct certified; they were approved by application process. One student was marked Free on the 1.18 report; however, the student should have been paid based on the income verification. Of these discrepancies, only 1 has a financial impact.

Effect

The Charter over-reported its Unduplicated Pupil Count.

Cause

The Charter inadvertently classified the student status incorrectly within the CALPADS system.

Context

Redwood Charter Academy of Ukiah reported a total of 26 students classified as “No” under the Direct Certification Column & Free / Reduced, of which we tested 100% of the population. Of the 26 students reported, 1 student did not qualify for free or reduced-priced meals. The total impact of the finding is calculated as follows, the estimated questioned cost is \$584.

CHARTER ACADEMY OF THE REDWOODS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Charter Explanation, If Not Implemented</u>
There were no prior year findings.		

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