

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
CHARTER NUMBER: 0302**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
North Oakland Community Charter School  
Oakland, California

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

We have audited the accompanying financial statements of North Oakland Community Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses 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.

### ***Auditors' 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 auditors' 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 School'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 School'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 on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2020, 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**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic 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 a report dated December 14, 2020 on our consideration of the 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 on the 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 the School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
December 14, 2020

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	412,538
Accounts Receivable		479,155
Prepaid Expenses and Other Assets		4,727
Total Current Assets		896,420

**LONG-TERM ASSETS**

Property, Plant, and Equipment, Net		70,875
Total Long-Term Assets		70,875

Total Assets	\$	967,295
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$	217,062
Total Current Liabilities		217,062

**LONG-TERM LIABILITIES**

Deferred Rent Liability		153,865
Notes Payable		221,800
Total Long-Term Liabilities		375,665

Total Liabilities		592,727
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**NET ASSETS**

Without Donor Restrictions		341,776
With Donor Restrictions		32,792
Total Net Assets		374,568

Total Liabilities and Net Assets	\$	967,295
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See accompanying Notes to Financial Statements.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
State Revenue:			
State Aid	\$ 1,148,496	\$ -	\$ 1,148,496
Other State Revenue	365,733		365,733
Federal Revenue:			
Grants and Entitlements	268,962	-	268,962
Local Revenue:			
In-Lieu Property Tax Revenue	434,343	-	434,343
Contributions	250,195	-	250,195
Other Revenue	138,844	-	138,844
Net Assets Released from Restrictions	117,636	(117,636)	-
Total Revenues	<u>2,724,209</u>	<u>(117,636)</u>	<u>2,606,573</u>
<b>EXPENSES</b>			
Program Services	2,000,011	-	2,000,011
Management and General	585,975	-	585,975
Fundraising	909	-	909
Total Expenses	<u>2,586,895</u>	<u>-</u>	<u>2,586,895</u>
<b>CHANGE IN NET ASSETS</b>	137,314	(117,636)	19,678
Net Assets - Beginning of Year	<u>204,462</u>	<u>150,428</u>	<u>354,890</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 341,776</u>	<u>\$ 32,792</u>	<u>\$ 374,568</u>

See accompanying Notes to Financial Statements.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	19,678
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		24,435
Change in Operating Assets:		
Accounts Receivable		(177,841)
Prepaid Expenses and Other Assets		1,937
Change in Operating Liabilities:		
Accounts Payable and Accrued Liabilities		169,846
Deferred Revenue		(47,177)
Deferred Rent Liability		(35,366)
Net Cash Used by Operating Activities		(44,488)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property, Plant, and Equipment		(70,875)
Net Cash Used by Investing Activities		(70,875)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Debt		221,800
Net Cash Provided by Financing Activities		221,800

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

106,437

Cash and Cash Equivalents - Beginning of Year

306,101

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 412,538

*See accompanying Notes to Financial Statements.*

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 1,148,402	\$ 34,000	\$ -	\$ 1,182,402
Pension Expense	65,570	2,346	-	67,916
Other Employee Benefits	89,376	3,192	-	92,568
Payroll Taxes	71,671	2,045	-	73,716
Management Fees	3,473	15,828	-	19,301
Legal Expenses	67,000	11,296	-	78,296
Accounting Expenses	-	17,587	-	17,587
Instructional Materials	84,315	-	-	84,315
Other Fees for Services	232,927	105,831	-	338,758
Office Expenses	44,105	7,358	-	51,463
Occupancy Expenses	92,236	304,371	-	396,607
Travel Expenses	1,415	-	-	1,415
Conference and Meeting Expenses	65,927	-	-	65,927
Depreciation Expense	-	24,435	-	24,435
Insurance Expense	-	27,727	-	27,727
Other Expenses	33,594	29,959	909	64,462
	<u>\$ 2,000,011</u>	<u>\$ 585,975</u>	<u>\$ 909</u>	<u>\$ 2,586,895</u>
Total				

See accompanying Notes to Financial Statements.



**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

North Oakland Community Charter School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school. The School began serving students in July 2000 and is sponsored by the Oakland Unified School District (the District).

The School is funded principally through state of California public education monies received through the California Department of Education.

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

**Basis of Accounting**

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

**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.

**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.

**Functional Allocation of Expenses**

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

**Cash and Cash Equivalents**

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

*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.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, if purchased, or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. The estimated useful lives range from 3 to 5 years.

**Revenue Recognition**

Amounts received from the California Department of Education are conditional and 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.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. As of June 30, 2020, the School did not have any unearned revenue related to conditional grants.

**Other Revenue**

Other revenue consists primarily of after-School services and other services. The performance obligation for providing these services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably the course of the academic year.

**Property Taxes**

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.

**Income Taxes**

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The School has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

**Evaluation Subsequent Events**

The School has evaluated subsequent events through December 14, 2020, the date these financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise of the following:

Cash and Cash Equivalentts	\$ 412,538
Accounts Receivable	479,155
Less: Net Asset With Donor Restrictions	<u>(32,792)</u>
Total	<u><u>\$ 858,901</u></u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The School maintains an interest-bearing cash account with a financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash in this account exceeds the maximum insured amount. The School has not experienced any losses regarding this account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 4 PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense for the year ended June 30, 2020 was \$24,435.

The components of property, plant, and equipment as of June 30, 2020 are as follows:

Leasehold Improvements	\$ 144,181
Less: Accumulated Amortization	(73,306)
Total Property, Plant, and Equipment	<u>\$ 70,875</u>

**NOTE 5 LONG-TERM DEBT**

On May 5, 2020, the School received a loan from First Republic Bank in the amount of \$221,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in August 2021, principal and interest payments will be required through the maturity date in May 2022.

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 221,800</u>

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restrictions are restricted for the following purposes:

Net Assets With Donor Restrictions:

Purpose Restrictions:

California Clean Energy Funds	\$	8,428
Low Performing Student Block Grant		22,725
Classified Employee PD Grant		1,639
Total Net Assets With Donor Restrictions	\$	32,792

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended June 30:

Released from Restrictions:

Purpose Restriction:

California Clean Energy Funds	\$	117,636
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**NOTE 7 EMPLOYEE RETIREMENT**

**State Teachers' Retirement System (STRS)**

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state Statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2019, total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and [www.calstrs.com](http://www.calstrs.com).

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS 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 the year ended June 30, 2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state Statute.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)**

**State Teachers' Retirement System (STRS)**

The School's contributions to STRS for the past three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 115,366	100%
2019	\$ 67,673	100%
2020	\$ 67,916	100%

**NOTE 8 OPERATING LEASES**

The School leases a facility under a lease agreement, which was amended effective June 2019 from escalating annual payments to a consistent annual payment through June 2024. The School had previously recorded deferred rent under the straight-line method in line with generally accepted accounting principles. Due to the amended lease, the deferred rent liability is amortized over the remaining lease term. For the year ended June 30, 2020, the lease payments under the straight-line recognition was \$340,234 and the cash paid for the lease payment was \$375,600.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 375,600
2022	375,600
2023	375,600
2024	375,600
Total	<u>\$ 1,502,400</u>

**NOTE 9 RELATED PARTY TRANSACTION**

The School has a related party nonprofit organization named Progressive Equity Charter, Inc. (PEC). PEC is contracted by the School for financial services and support as needed to the School. Contribution received from PEC is \$160,000 as of June 30, 2020.

**NOTE 10 CONTINGENCIES, RISKS AND UNCERTAINTIES**

The 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 disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 CONTINGENCIES, RISKS AND UNCERTAINTIES (CONTINUED)**

In September 2020, the School settled a litigation matter was for a pending case during the fiscal year ended June 30, 2020. The amount settled was approximately \$67,000, which was recorded in legal expense and accrued in liabilities at June 30, 2020.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.



**SUPPLEMENTARY INFORMATION**

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2020**

North Oakland Community Charter School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school. The School began serving students in July 2000 and is funded principally through state of California public education monies received through the California Department of Education. The School is sponsored by the Oakland Unified School District (the District).

Charter School number authorized by the state: 302

The board of directors and the administrator as of the year ended June 30, 2020 were as follows:

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires (2-Year Term)</u></b>
Devon King-Neece	Co-Chair	August 2018 – July 2020
Dominique Malone (Resigned)	Co-Chair	August 2019 – May 2020
Nikki Hampton	Secretary	August 2018 – July 2020
Cinthia Varkevisser	Treasurer	August 2018 – July 2020
Shaeonna Mohammed (Resigned)	Member	August 2019 – May 2020
Imad Abuelgasim	Member	August 2018 – May 2020
David Kakishiba	Member	January 2020 – December 2022
Perlita Muiriri	Member	June 2020 – May 2022
Nakachi Clark-Kasimu	Staff Representative	March 2019 – May 2020

**ADMINISTRATOR**

D.M. Kloker	Head of School
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**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Instructional Minutes		Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes
	Requirement	Actual		
Kindergarten	36,000	42,995	15,430	58,425
Grade 1	50,400	42,995	15,430	58,425
Grade 2	50,400	42,995	15,430	58,425
Grade 3	50,400	42,995	15,430	58,425
Grade 4	54,000	42,995	15,430	58,425
Grade 5	54,000	43,065	15,510	58,575
Grade 6	54,000	43,065	15,510	58,575
Grade 7	54,000	43,065	15,510	58,575
Grade 8	54,000	43,065	15,510	58,575

	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
	Kindergarten	131	46	177
Grade 1	131	46	177	In Compliance
Grade 2	131	46	177	In Compliance
Grade 3	131	46	177	In Compliance
Grade 4	131	46	177	In Compliance
Grade 5	131	46	177	In Compliance
Grade 6	131	46	177	In Compliance
Grade 7	131	46	177	In Compliance
Grade 8	131	46	177	In Compliance

See accompanying Notes to Supplementary Information

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2020  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades K-3	108.39	108.39	108.39	108.39
Grades 4-6	43.41	43.41	43.41	43.41
Grades 7-8	20.86	20.86	20.86	20.86
ADA Totals	<u>172.66</u>	<u>172.66</u>	<u>172.66</u>	<u>172.66</u>

*See accompanying Notes to Supplementary Information*

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$	441,568
Adjustments and Reclassifications:		
Increase (Decrease) of Fund Balance (Net Assets):		
Accounts Receivable		68,549
Accounts Payable and Accrued Liabilities		<u>(135,549)</u>
Net Adjustments and Reclassifications		<u>(67,000)</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	\$	<u><u>374,568</u></u>

*See accompanying Notes to Supplementary Information*

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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

**NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.



**INDEPENDENT AUDITORS' 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  
North Oakland Community Charter School  
Oakland, 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 North Oakland Community Charter School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 14, 2020.

**Internal Control Over Financial Reporting**

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

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’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 School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
December 14, 2020





## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
North Oakland Community Charter School  
Oakland, California

We have audited North Oakland Community Charter School's (the School) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2020. The School's state compliance requirements are identified in the table below.

### Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Before/After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based Charter Schools:	Not Applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No <sup>1</sup>
Determination of funding for nonclassroom-based instruction	Not Applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

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<sup>1</sup> Nonclassroom ADA was under the threshold that required testing.

### **Opinion on State Compliance**

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

### **Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



### **CliftonLarsonAllen LLP**

Glendora, California  
December 14, 2020

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**NORTH OAKLAND COMMUNITY CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.

