



Magnolia Public Schools

Regular Board Meeting

Date and Time

Thursday March 11, 2021 at 6:00 PM PST

Location

<https://zoom.us/j/93341390564?pwd=WUo4YnUxNUZHcHhuZTBGUEFBSWJvZz09>

Meeting ID: 933 4139 0564 **Passcode:** 845185

One tap mobile: +16699009128,,93341390564# US (San Jose)

All members of the public can participate by calling in using the numbers provided above.

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Members of the public who need special accommodations or translation are strongly encouraged to contact Magnolia Public Schools at least 24 hours in advance of the Board meeting so assistance can be assured.

Any public records relating to an agenda item for an open session which are distributed to all, or a majority of all, of the Board Members shall be available for public inspection. Magnolia Public Schools values public comment during Board meetings. For members of the public who would like to speak, we have speaker cards to be filled out prior to the beginning of the meeting. For teleconference meetings you can email us your request for public comment. We limit individual speakers to three (3) minutes and speakers with interpreters to six (6) minutes. For any questions regarding this meeting email contact@magnoliapublicschools.org or call 213-628-3634 Ext. 100.

Board Members:

Mr. Haim Beliak, Chair
Dr. Umit Yapanel, Vice-Chair
Dr. Salih Dikbas
Ms. Diane Gonzalez
Ms. Sandra Covarrubias
Mr. Mekan Muhammedov

CEO & Superintendent:

Mr. Alfredo Rubalcava

Agenda

| | Purpose | Presenter | Time |
|--|-----------------|----------------------------|----------------|
| I. Opening Items | | | 6:00 PM |
| Opening Items | | | |
| A. Call the Meeting to Order | | | 1 m |
| B. Record Attendance and Guests | | | 1 m |
| C. Approval of Agenda | Vote | | 1 m |
| D. Public Comments | | | 5 m |
| E. Announcements from MPS CEO & Superintendent | | A. Rubalcava | 10 m |
| F. Approval of Minutes from Regular MPS Board Meeting - February 11, 2021 | Approve Minutes | | 1 m |
| Approve minutes for Regular Board Meeting on February 11, 2021 | | | |
| II. Action Items | | | 6:19 PM |
| A. Approval of Revised Maintenance and Destruction of Student Records Policy | Vote | D.Yilmaz | 10 m |
| B. Approval of Fiscal Year 2019-2020 Annual Independent Audit Reports | Vote | Audit/Facilities Committee | 5 m |
| C. Approval of MSA-1 Design Contract | Vote | Audit/Facilities Committee | 5 m |
| D. Approval of the 2nd Interim Reports for Fiscal Year 2020-2021 | Vote | S.Orazov | 7 m |
| E. Approval and Career Access Pathway Partnerships MOU Agreement | Vote | E.Acar | 5 m |
| F. 2020-21 Magnolia Public Schools Hybrid Reopening Plans | Vote | E.Acar | 7 m |
| III. Information/Discussion Items | | | 6:58 PM |
| A. Description and Background of Covid-19 Testing Vendors Analysis | Discuss | D.Hajmeirza | 10 m |
| PMH Laboratory, Inc. Los Angeles Unified School District (LAUSD) Valencia Laboratory University of California San Diego Coverify | | | |
| IV. Closed Session | | | 7:08 PM |
| A. Public Announcement of Closed Session | FYI | | 1 m |
| B. Anticipated Initiation of Litigation §54956.9(c): (1 case) | | | |
| C. Public Employee Performance Evaluation (§ 54957) Title: Home Office | | | |
| D. Report Out From Closed Session | FYI | | 1 m |
| V. Closing Items | | | 7:10 PM |

| | Purpose | Presenter | Time |
|---------------------------|----------------|------------------|-------------|
| A. Adjourn Meeting | Vote | | |

Cover Sheet

Approval of Minutes from Regular MPS Board Meeting - February 11, 2021

| | |
|-----------------------------------|---|
| Section: | I. Opening Items |
| Item: February 11, 2021 | F. Approval of Minutes from Regular MPS Board Meeting - |
| Purpose: | Approve Minutes |
| Submitted by: | |
| Related Material: | Minutes for Regular Board Meeting on February 11, 2021 |

APPROVED



Magnolia Public Schools

Minutes

Regular Board Meeting

Date and Time

Thursday February 11, 2021 at 6:00 PM

Location

<https://zoom.us/j/95781778844?pwd=NEQ3MCt6d2dZRmxzL2FwWld2WEJYdz09>

Meeting ID: 957 8177 8844 **Passcode:** 222380

One tap mobile: +16699009128,,95781778844# US (San Jose)

All members of the public can participate by calling in using the numbers provided above.

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Members of the public who need special accommodations or translation are strongly encouraged to contact Magnolia Public Schools at least 24 hours in advance of the Board meeting so assistance can be assured.

Any public records relating to an agenda item for an open session which are distributed to all, or a majority of all, of the Board Members shall be available for public inspection. Magnolia Public Schools values public comment during Board meetings. For members of the public who would like to speak, we have speaker cards to be filled out prior to the beginning of the meeting. For teleconference meetings you can email us your request for public comment. We limit individual speakers to three (3) minutes and speakers with interpreters to six (6) minutes for a total of 20 minutes per one item. An individual speaker cannot donate the remaining of their given time to another public speaker. To accommodate for all public comment requests made by individuals, comments shall be taken first from those attending in person (if applicable), followed by telephonic comments, and lastly written comments. For any questions regarding this meeting email contact@magnoliapublicschools.org or call 213-628-3634 Ext. 100.

Board Members:

Mr. Haim Beliak, Chair

Dr. Umit Yapanel, Vice-Chair

Dr. Salih Dikbas

Ms. Diane Gonzalez

Ms. Sandra Covarrubias

Mr. Mekan Muhammedov

CEO & Superintendent:
Mr. Alfredo Rubalcava

Directors Present

D. Gonzalez (remote), H. Beliak (remote), M. Muhammedov (remote), S. Covarrubias (remote), S. Dikbas (remote), U. Yapanel (remote)

Directors Absent

None

I. Opening Items

A. Call the Meeting to Order

H. Beliak called a meeting of the board of directors of Magnolia Public Schools to order on Thursday Feb 11, 2021 at 6:23 PM.

B. Record Attendance and Guests

Refer to attendance information reported above.

C. Approval of Agenda

S. Covarrubias made a motion to approve the agenda with the removal of Action Items III C & III G.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| H. Beliak | Aye |
| M. Muhammedov | Aye |
| U. Yapanel | Aye |
| S. Covarrubias | Aye |
| D. Gonzalez | Aye |
| S. Dikbas | Aye |

D. Public Comments

No public comments were given.

E. Announcements from MPS CEO & Superintendent

A.Rubalcava, CEO & Superintendent, and J.Hook, Assistant Executive Office Manager, presented to the Board updates on Public Health & Safety which included the ending of the Regional Stay at Home Order, and data on the adjusted case rate showing a steady decrease throughout the counties of Los Angeles, Orange and San Diego. Governor Newsom is expected to make an announcement which will provide clarity to plans in reopening schools. Magnolia Public Schools is prioritizing in gathering resources including vaccinations for staff. A.Rubalcava thanked D.Gonzalez, MPS Board Member, for being present at MSA-Santa Ana's school visit from the California Department of Education (CDE).

F. Approval of Minutes from Regular MPS Board Meeting- January 21, 2021

H. Beliak made a motion to approve the minutes from Regular Board Meeting on 01-21-21.

M. Muhammedov seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| S. Dikbas | Aye |
| H. Beliak | Aye |
| M. Muhammedov | Aye |
| U. Yapanel | Aye |
| D. Gonzalez | Aye |
| S. Covarrubias | Aye |

G. Approval of Minutes from Special MPS Board Meeting- February 1, 2021

H. Beliak made a motion to approve the minutes from Special Board Meeting on 02-01-21.

M. Muhammedov seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| S. Covarrubias | Aye |
| U. Yapanel | Aye |
| S. Dikbas | Aye |
| D. Gonzalez | Aye |
| M. Muhammedov | Aye |
| H. Beliak | Aye |

II. Closed Session

A. Public Announcement of Closed Session

H. Beliak, announced that the board would be going into Closed Session to discuss anticipated initiation of litigation and would report out any actions taken. Closed session was announced at 6:44 PM

B. Anticipated Initiation of Litigation

This item was discussed in Closed Session

C. Report Out From Closed Session

H. Beliak announced in Open Session at 8:08 PM that the board had directed staff on several items.

III. Action Items

A. Approval of Updates to Fiscal Policies

S.Dikbas, Finance Committee Chair, presented to the Board the proposal to update the following fiscal policies: G&A118 Budgeting which would add Controller and Senior Financial Analyst as approvers; & PUR107 Bidding Requirements which would increase the threshold for Request for Proposal (RFP) requirement from \$25,000 to \$50,000 and the RFP requirement does not apply to renewal and/or extension of the existing service contracts. S.Orazov, Chief Financial Officer, added that this policy update will greatly aid in efficiency and productivity. S. Dikbas made a motion to move that the board approve the proposed updates to the fiscal policies and procedures manual of Magnolia Public Schools.

H. Beliak seconded the motion.
 The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| H. Beliak | Aye |
| S. Covarrubias | Aye |
| D. Gonzalez | Aye |
| M. Muhammedov | Aye |
| U. Yapanel | Aye |
| S. Dikbas | Aye |

B. Approval of School Safety Plans

B.Lopez, Director of Student Services, presented to the Board the annual review of the comprehensive school safety plans. The work was provided by each school's Dean of Students. All safety plans have been reviewed and revised in accordance with California Department of Education (CDE) and California Education Code sections 32280-32289.5, and must be reviewed, updated and adopted by March 1st of every school year. Board Members were given all schools (MSA-1 through MSA-8, MSA- Santa Ana & MSA-San Diego) school safety plans. D. Gonzalez made a motion to approve the comprehensive school safety plans for all MPS schools.
 U. Yapanel seconded the motion.
 The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| S. Dikbas | Aye |
| D. Gonzalez | Aye |
| H. Beliak | Aye |
| S. Covarrubias | Aye |
| U. Yapanel | Aye |
| M. Muhammedov | Aye |

C. Approval and Career Access Pathway Partnerships MOU Agreement

This item was tabled during the Approval of Agenda.

D. Approval of Material Revision to Merge MSA-4 into MSA-6

A.Rubalcava, CEO & Superintendent, presented to the Board the resolution for material revision to merge Magnolia Science Academy-4 into Magnolia Science Academy-6. Over the years MSA-4 has experienced a decline in enrollment. Though efforts were made to increase enrollment, results have been unsubstantial causing budget constraints. A solution proposed by MPS leadership was to merge MSA-4 into MSA-6 and proceed with Material Revision process with Los Angeles Unified School District (LAUSD). Since their proximity to each other is a mere 2.4 miles away, it will not inflict travel burdens on current families.
 S. Covarrubias made a motion to approve the resolution that authorizes the following: (1) Material revision for MSA-6's Charter Petition and (2) Closure of MSA-4 effective June 30, 2021, and authorize the MPS CEO and Superintendent to take the necessary actions needed to complete the material revision process.
 M. Muhammedov seconded the motion.
 The board **VOTED** unanimously to approve the motion.

Roll Call

| | |
|----------------|-----|
| S. Dikbas | Aye |
| S. Covarrubias | Aye |
| H. Beliak | Aye |
| D. Gonzalez | Aye |

Roll Call

U. Yapanel Aye
M. Muhammedov Aye

E. Approval of MSA-4 Assets Transfer to MSA-6

A.Rubalcava, CEO & Superintendent, presented to the Board the resolution of assets transfer that was brought forth as part of the material revision. Guidance from Charter School Division (CSD) states that a resolution should be brought detailing the financial obligations that will be transferred following the school's closure. Once Magnolia Science Academy-4 closes on June 30, 2021 and merges to Magnolia Science Academy-6 any assets lefts by MSA-4 will be transferred to MSA-6. This resolution will give authority to the CEO & Superintendent, A.Rubalcava, to oversee the process.

D. Gonzalez made a motion to approve the resolution that authorizes the MPS CEO Alfredo Rubalcava to direct and oversee the fund transfer process of Magnolia Science Academy-4's net assets to Magnolia Science Academy-6.

H. Beliak seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

D. Gonzalez Aye
M. Muhammedov Aye
U. Yapanel Aye
H. Beliak Aye
S. Dikbas Aye
S. Covarrubias Aye

F. Approval of Revised MPS Audit/Facilities & Stakeholder Committees Structure

U.Yapanel, Board Vice-Chair, presented to the Board revisions made to the alternate members of the Audit/Facilities & Stakeholder Committees. This effort is to balance the workload between all MPS Board Members.

U. Yapanel made a motion to approve the changes to the MPS Audit/Facilities & Stakeholder Committees Structures to take affect February 12, 2021 to be as follows: Audit/Facilities Committee, U.Yapanel will replace S.Covarrubias as the alternate member for the committee; Stakeholder Committee, M.Muhammedov will replace H.Beliak as the alternate member for the committee.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

H. Beliak Aye
M. Muhammedov Aye
D. Gonzalez Aye
S. Dikbas Aye
S. Covarrubias Aye
U. Yapanel Aye

G. Approval of Design Contract for MSA-1 Improvements

This item was tabled during the Approval of Agenda.

IV. Information/Discussion Items

A. Portrait of a Graduate

I.Soto, Director of Development & Communications, presented to the Board updates on the Portrait of a Graduate. This was initiated back in August of 2019 with the goal to create a collective vision for Magnolia Public Schools (MPS) that articulates students aspirations and creates lasting support from the community that leads to enduring impact for students. I.Soto went over who is currently in the Portrait Design Team, the design process and the six competencies that the Portrait Design Team deemed important to include in the community's Portrait of a Graduate. Board Members expressed their support for the continuation of this project.

B. MSA-San Diego Annual Authorizer Oversight Report

D.Yilmaz, Chief Accountability Officer, presented to the Board the last authorizer report from 2019-2020 school year. San Diego Unified School District provided the oversight report which was mostly positive with no issues noted. Because of the pandemic this Oversight visit was via zoom. As of now, S.Dikbas, MPS Board Member, sits as MSA-San Diego's Local Governance Committee. S.Orazov, Chief Financial Officer, went over the finance portion of the report, which included budget reporting, financial stability and sustainability and fiscal management. G.Serce, Principal at MSA-San Diego, gave more insight regarding the report. Other Principals present at the meeting gave their brief updates regarding their schools and will give more details during the Board Retreat.

V. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:19 PM.

Respectfully Submitted,
H. Beliak

Cover Sheet

Approval of Revised Maintenance and Destruction of Student Records Policy

Section: II. Action Items
Item: A. Approval of Revised Maintenance and Destruction of
Student Records Policy
Purpose: Vote
Submitted by:
Related Material:
Revised Maintenance and Destruction of Student Records Policy.pdf



| | |
|---------------------|---|
| Board Agenda Item # | II A: Action Item |
| Date: | March 11, 2021 |
| To: | Magnolia Board of Directors |
| From: | Alfredo Rubalcava, CEO & Superintendent |
| Staff Lead: | David Yilmaz, Chief Accountability Officer |
| RE: | Approval of Revised Maintenance and Destruction of Student Records Policy |

Proposed Board Recommendation

I move that the board approve the Revised Maintenance and Destruction of Student Records Policy.

Background

This is a policy that MPS adopted on July 23, 2020 in order to have consistent office procedures regarding maintenance and destruction of student records. The policy is based on Title 5 of the California Code of Regulations (“CCR”) sections 431 through 438, per the following:

- “Mandatory Permanent Student Records”: Must be maintained indefinitely or an exact copy thereof for every student who was enrolled in the charter school.
- “Mandatory Interim Student Records”: Must be maintained until judged to be disposable defined as “when the student leaves the charter school or when their usefulness ceases.” These records may be destroyed during the third (3rd) school year following the determination that the records are disposable (i.e. 2019-2020 records may be destroyed after July 1, 2023).
- “Permitted Student Records”: May be maintained and may be destroyed when their usefulness ceases or after six (6) months following the student’s completion or withdrawal from school.

The policy describes student records that fall under these three categories and provides guidance for how long records should be retained before they are destroyed.

Revisions to the Policy

Since the adoption of the original policy MPS accountability department has been working to develop office procedures on how to deconstruct our existing student records and reconstruct them according to the three types of records explained above. We also held discussions about maintenance timelines. The following are the updates since the policy was adopted:

- In the original policy we had adopted LAUSD's timeline of keeping mandatory interim records for five years and permitted records for four years after a student graduates or transfers. After internal discussions and legal counsel, we have decided to revise our timeline in alignment with the CCR above, i.e., three years for mandatory interim student records and six months for permitted records. An added benefit to this new timeline is that it makes it more practical for storage and digitization purposes.
- We removed a few repetitive tables that were based on LAUSD procedures.
- We added the following statement for digitization:
 - "Three years after graduation or transfer to another school district, Mandatory Permanent Student Records will be digitized and paper copies will be destroyed."
- We added a table for "Title IX Complaint Investigation Records." Those records must be maintained for at least 7 years.

Budget Implications

N/A for the 2020-21 school year, but starting 2022-23 there may be some cost associated with digitization and shredding of paper student records, especially for the old records in MPS' storage unit. We will research our options to outsource shredding and digitization of student records. On the other hand, we plan to save from paying for storage space to offset the cost of shredding and digitizing.

How Does This Action Relate/Affect/Benefit All MSAs?

This revised policy will help us implement consistent office procedures regarding maintenance and destruction of student records.

Name of Staff Originator:

David Yilmaz, Chief Accountability Officer

Exhibits (Attachments):

- Maintenance and Destruction of Student Records Policy
- Maintenance of Student Records Board Presentation

MAINTENANCE AND DESTRUCTION OF STUDENT RECORDS POLICY

Magnolia Public Schools (“MPS” or the “Charter School”) Governing Board adopts this policy to ensure that all student records should be classified, retained, protected, or if and when these records are eligible, destroyed in accordance with the law.

MPS student records will be reviewed on an annual basis and classified as Permanent, Optional, or Disposable. Disposable records should be deleted or destroyed after they have met their retention requirements. The following Records Retention Schedule provides guidance for how long records should be retained before they can be destroyed.

Any records with personal information, health information, student information or employee information should never be left unprotected and should be shredded or otherwise made irretrievable when deleted or destroyed.

No additions except routine updating shall be made to the record after high school graduation or permanent departure without the prior consent of the parent or adult student. The method of destruction shall assure that records are not available to possible public inspection in the process of destruction.

Records Retention Schedule and Classification

- “*Mandatory Permanent Student Records*”: Must be maintained indefinitely or an exact copy thereof for every student who was enrolled in the charter school. Three years after graduation or transfer to another school district, Mandatory Permanent Student Records will be digitized and paper copies will be destroyed. These records are defined as:
 1. Enrollment Records that detail:
 - Legal name of student
 - Date of birth
 - Birth certificate or other verification of birth date, sex, and place of birth
 - Name and address of parent of minor student
 - Address of minor student if different than above
 - An annual verification of the name and address of the parent and the residence of the student
 - Health Information Card
 - Immunization Cards (pull out immunization copies, information should have been transferred to the immunization card)
 - Verification of exemption from required immunization.
 2. Transcripts or other record that details:
 - Entering and leaving date of each school year and for any summer session or other extra session Subjects taken during each year, half year, summer session or quarter
 - If marks or credit are given, the mark or number of credits toward graduation

allows for work taken.

- Date of high school graduation or equivalent

The mandatory permanent student record or a copy thereof shall be forwarded by the Charter School upon request of a public or private school in which the student has enrolled or intends to enroll. If the Charter School forwards the original mandatory permanent student record, a copy must be maintained by the Charter School. If the Charter School forwards a copy, the original must be maintained by the Charter School.

- *“Mandatory Interim Student Records”*: Must be maintained until judged to be disposable defined as “when the student leaves the charter school or when their usefulness ceases.” These records may be destroyed during the third (3rd) school year following the determination that the records are disposable (i.e., 2019- 2020 records may be destroyed after July 1, 2023). These records are defined as:
 1. Access logs - A log or record identifying those persons (except authorized school personnel) or organizations requesting or receiving information from the record. The log or record shall be accessible only to the legal parent or guardian or the eligible student, or a dependent adult student, or an adult student, or the custodian of records.
 2. Custody orders
 3. Health information, including Child Health Developmental Disabilities Prevention Program verification or waiver, administration of medication forms
 4. Participation in special education programs including required tests, case studies, authorizations, and actions necessary to establish eligibility for admission or discharge (IEP documents and Section 504 Plans)
 5. Language training records
 6. Progress reports and/or notices
 7. Parental restrictions regarding access to directory information or related stipulations
 8. Parental or adult student rejoinders to challenged records and to disciplinary action
 9. Parental authorizations or prohibitions of student participation in specific programs
 10. Results of standardized tests administered within the preceding three years.

The mandatory interim student record or a copy thereof shall be forwarded by the Charter School upon request of a public school in California in which the student has enrolled or intends to enroll. If the transfer is to an out of state or to a private school, the mandatory interim student record may be forwarded. If the Charter School forwards the original mandatory interim student record, a copy must be maintained by the Charter School until it is destroyed in accordance with this Policy. If the Charter School forwards a copy, the original must be maintained by the Charter School until destroyed in accordance with this Policy.

- *“Permitted Student Records”*: may be maintained and may be destroyed when their usefulness ceases or after six (6) months following the student’s completion or withdrawal from school. These records are

defined as:

1. Objective counselor and/or teacher ratings; e.g., SSPT Student Support and Progress Team (SSPT) Documents
2. Standardized test results older than three years
3. Routine discipline data
4. Verified reports of relevant behavioral patterns
5. All disciplinary notices
6. Attendance records not covered in the 5 CCR § 400 (e.g. notes from parents including absence notices)

Notes made or kept for the convenience of the classroom teacher may be disposed of when the student leaves the teacher's roster or when the notes are no longer useful.

Permitted student records may be forwarded upon a request by a public or private school in which a student is enrolling. If the Charter School forwards the original permitted student record, a copy must be maintained by the Charter School until it is destroyed in accordance with this Policy. If the Charter School forwards a copy, the original must be maintained by the Charter School until destroyed in accordance with this Policy.

Cumulative Card: Document used to maintain Mandatory Permanent Student Records.

Cumulative File: File used to maintain student record information including Mandatory Permanent Records, Mandatory Interim Records, and Permitted Records.

Title IX Complaint Investigation Records

| Document | Time Period |
|---|--------------------|
| (Original or copy) | At least 7 years |
| (A) Records of each sexual harassment investigation, including any determination of responsibility; any audio or audiovisual recording or transcript; any disciplinary sanctions imposed on the respondent; and any remedies provided to the complainant. | |
| (B) Records of any appeal of a formal sexual harassment complaint and the results of that appeal. | |
| (C) Records of any informal resolution of a sexual harassment complaint and the results of that informal resolution. | |
| (D) All materials used to train Title IX coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process. | |
| (E) Records of any actions, including any supportive measures, taken in response to a report or formal complaint of sexual harassment. | |



Student Record Maintenance



Revised: 3/11/21

New MPS Student Cumulative Record

When creating the MPS student record:

- MPS student cumulative record will now have subsections to them.
 - Every paper, form, or information related to this student will fall under 1 of the 3 categories below:



**Mandatory
Permanent**

Paper copies kept 3 years after graduation or transfer. Mandatory Permanent records get digitized.



**Interim
Records**

Paper copies kept 3 years after graduation or transfer. Will not get digitized and are destroyed after 3 years.



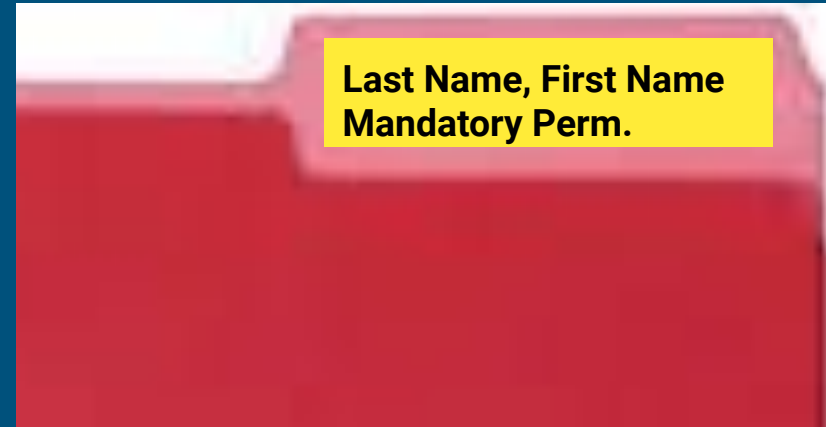
**Permitted
Records**

Per policy-kept for 6 months In Practice-1 year-3 years depending on usefulness of records. Will not get digitized.

Mandatory Permanent Records

The following documents get stored in the mandatory permanent file

- Cumulative Record/Card
- Pre-Application
- MPS Registration Form
- MPS enrollment packet
- Birth Certificate/ or other age verification
- Proof of Residence
- Residency Questionnaires
- Transcript
- Report Cards
- Health form pocket:
 - White card,
 - Pink card,
 - Copy of Immunization Record
- Immunization exemptions
- Emergency Cards



Mandatory Interim Records

The following documents get stored in the mandatory interim file:

- Access logs and Parental Restrictions regarding access to directory information (if applicable)
- Any test results submitted by parent during registration
- Parent authorizations/ prohibitions of student participation in specific programs including:
 - lunch forms
 - Field Trip Slips
- Progress reports
- Special education assessment report, plans, IEPs, SST meeting notes, prior written notices, Section 504 plans and Assessments.
 - ***This includes Psych evaluations!*** CONFIRMED BY LEGAL
- Language training records:
 - Reclassification of an EL letter
- Custody/legal forms/orders
 - Restraining Orders
 - Caregiver affidavits
 - DCFS forms/case notes CONFIRMED BY LEGAL
- Parent rejoinders to challenged records
- Results of Standardised tests taken at MPS
- Health records, including administration of medication forms and health screening results, but excluding the health forms filed in the permanent record.
- Expulsion orders
 - **Note: records of a complaint investigations or disciplinary action regarding sexual harassment must be kept for 7 years.**
- Independent study Contracts

Last Name, First Name
Mandatory Interim.

Permitted Records

Last Name, First Name
Permitted Rec.

The following documents get stored in the permitted file

- Attendance Items *Although the following documents are permitted records, internally, we are keeping these items for 3 years due to audit requirements*
 - Parent notes/rosters
 - Truancy notices
 - SART contracts
 - Involuntary removal notices/No Show Letters
- Disciplinary notes *Although the discipline documents are permitted records, internally, we are keeping these items for 3 years.*
 - Suspension notices and investigation files(ie witness statements, student reflections)
 - **Note: records of a complaint investigations or disciplinary action regarding sexual harassment must be kept for 7 years.**
- Standardized test results older than 3 years
- SST meeting notes, notices, and documents
- Student Handbook signatures.
- Intent to Return

Procedure:

- Creating new records:
 - For students new to the state/district and kinder:
 - Instead of making 2 records, create 1 student folder with the sections mentioned in slide 4.
 - If you receive information from a previous school, file them in the applicable section of the student record.
 - Students transferring into your school:
 - Create student record as outlined in slide 4.
 - Once you receive the cumulative record from the previous school, deconstruct the file and separate the items in the applicable sections of the student folder.
 - Keep the folder that the student record came in just in case the student transfers you can reconstruct it and send it out in the folder you received
- Filing during the year
 - Continue to file items in the applicable section of the student record.
 - Maintain Cumulative card up to date, testing scores, grade labels, student pictures etc.
 - Information that would previously go in the mps student record (attendance/behavior/intent to return) will now be filed in the student's "Permitted records" section

Digitization Procedure

- Want to phase out using physical storage
- Permanent records will be scanned at the school sites every June.
 - Interim and permitted records will not be scanned to save time and digital space.
- All records (permanent, interim, permitted) that have been kept for 3 years after graduation/transfer will be destroyed every July.
 - Sites will use a 3rd party company to destroy records as needed
- Where will the digitized permanent records be saved?
 - Option 1: Infinite Campus
 - Pros: Easy access, attached to students, all records in one place
 - Qs: Cost? May it slow down the system? What if we stop using Infinite Campus?
 - Option 2: MPS NAS/Dropbox
 - Pros: MPS owned
 - Qs: How easy is it to use? Prone to accidental deletion?
- What will happen to the records in the storage?
 - Permitted: The usefulness of the permitted records has passed.
 - Interim records: Keep for 3 years in the storage. (Until June 2023)
 - Permanent records: Digitize!

This year digitization will not be a priority. This year we are prioritizing merging current student records and setting up our new system.

Example:

- June 2021:
 - Digitize permanent records of the class of 2021
 - Keep all records of the class of 2021
- June 2022:
 - Digitize permanent records of the class of 2022
 - Keep all records of the class of 2022 and 2021
- June 2023:
 - Digitize permanent records of the class of 2023
 - Keep all records of the class of 2023, 2022, and 2021
- June 2024:
 - Digitize permanent records of the class of 2024
 - Keep all records of the class of 2024, 2023, and 2022
 - *Destruct all records of the class of 2021*
- June 2025:
 - Digitize permanent records of the class of 2025
 - Keep all records of the class of 2025, 2024, and 2023
 - *Destruct all records of the class of 2022*

When a student transfers:

If the student is transferring to a school in District.

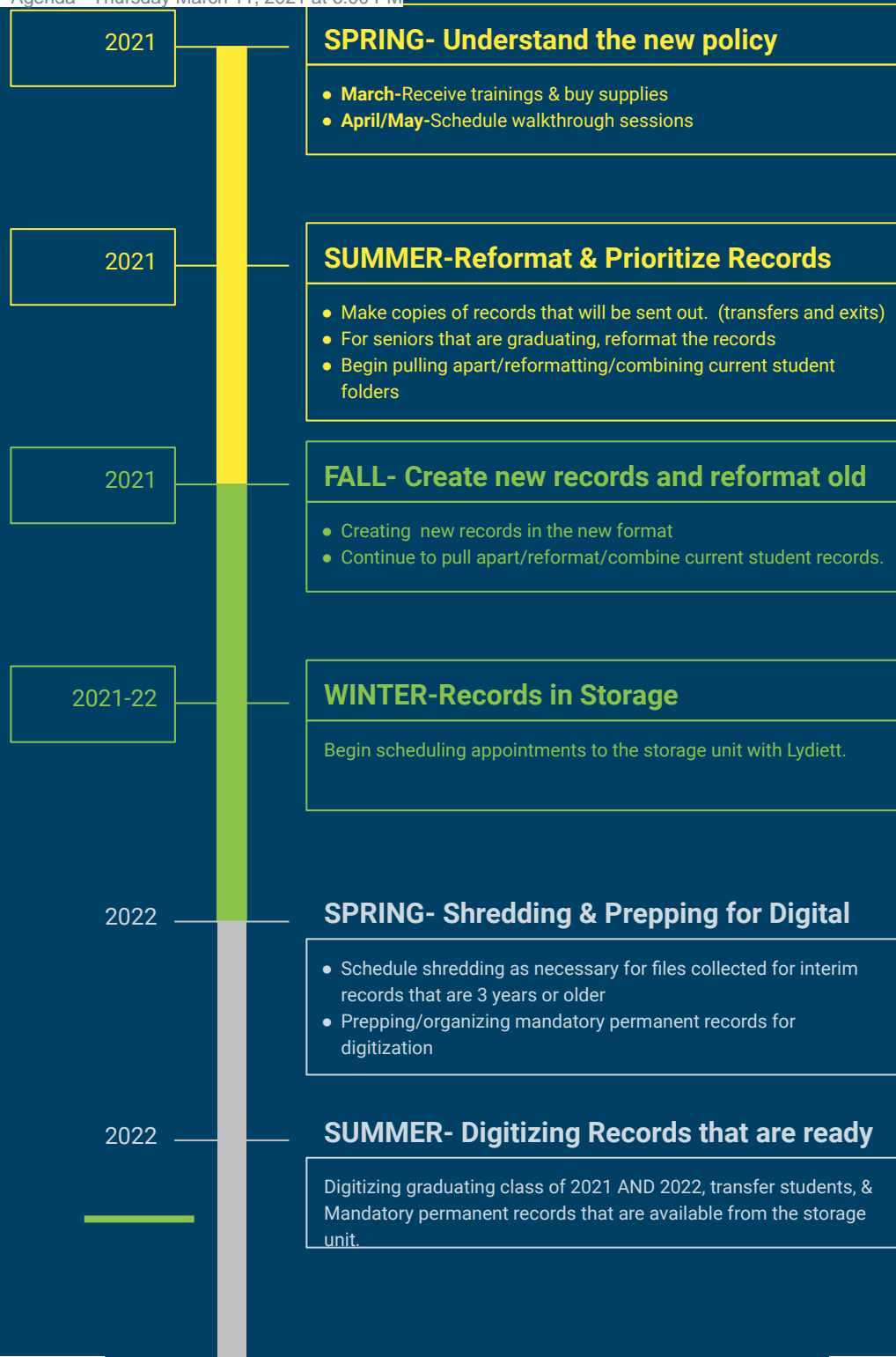
1. Make copies of everything in the Interim and Permanent Records
2. File the copies back in the applicable MPS cumulative folder
3. Reassemble the district (LAUSD, SAUSD, SDUSD) cumulative record with the original documents
4. Record the school and date the file was sent in the MPS Cumulative Card
5. Send the reassembled record to the next school

If the student is transferring to a school OUT of District or a private school.

Do not send original Documents!

1. Make copies of everything in the Interim and Permanent Records
2. File the Originals back in the applicable MPS cumulative folder
3. Record the school and date the copies were sent in the MPS Cumulative Card
4. Send/fax the copies of the record to the next school

Estimated Project Timeline



Cover Sheet

Approval of Fiscal Year 2019-2020 Annual Independent Audit Reports

| | |
|-------------------------------|---|
| Section: | II. Action Items |
| Item: Audit Reports | B. Approval of Fiscal Year 2019-2020 Annual Independent |
| Purpose: | Vote |
| Submitted by: | |
| Related Material: | FY2019-2020 Annual Independent Audit Reports.pdf |



| | |
|---------------------|--|
| Board Agenda Item # | II B: Action Item |
| Date: | March 11, 2021 |
| To: | Magnolia Board of Directors |
| From: | Audit/Facilities Committee |
| Staff Lead: | Serdar Orazov, Chief Financial Officer |
| RE: | Approval of Annual Independent Audit Reports for FY19-20 |

Proposed Board Motion

Motion to approve the annual Independent Audit Reports for fiscal year 2019-20 of all ten (10) schools and the consolidated audit report including the home office.

Background

Under Education Code (EC) Sections 41020 through 41020.8, all charter school must file their annual audit reports for the preceding fiscal year by December 15, with the Los Angeles County Superintendent of Schools (County Superintendent), the California Department of Education (CDE), and the State Controller's Office (SCO). The audit shall be conducted by an auditor from the list approved by the SCO and mutually agreeable to the authorizers and the Charter School.

The Governing Board of each school district must review the annual audit report for the prior fiscal year at a public meeting. According to EC Section 41020.3, the review will include: “. . . the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or management letter issue.”

The board is required to review and approve annual financial audit reports annually and submit to our various oversight entities by December 15. However, due to Covid-19 pandemic the deadline was extended through March 31, 2021.

In an audit engagement:

- The auditor explains that preparing the financial statements and maintaining sound internal control is management responsibility;

- The auditor explains its own responsibilities, duties and rights regarding the engagement; emphasizes the nature of the audit and states that the auditor only examines the internal controls and accounting records on a sample basis;
- The auditor gives his opinion on the financial statements:
 - An unqualified report concludes that the financial statements present fairly its affairs in all material aspects. Also known as a clean report, which implies that any changes in the accounting policies, application and effects are adequately determined and disclosed.
 - A qualified report is when there is a limitation of scope in auditor's work, or when there is disagreement with management regarding application, acceptability or adequacy of accounting policies. The issue must be material or financially worth consideration to qualify a report.
 - If issues are material and pervasive, the auditor issues a disclaimer or adverse opinion. Independent auditor's report received from Eide Bailey at the end of their audit engagement with MERF for fiscal year 2019-20 states that the financial statements present fairly, in all material aspects, the respective financial position of the Charter School, as of June 30, 2020. The changes in its net assets, its cash flows for the year that ended, in accordance with accounting principles generally accepted in the United States of America.

Budget Implications

None

1. Exhibits (attachments):
 - a) 2019-20 Audit Reports for each MPS school
 - b) 2019-20 MERF and Consolidated Audit Report

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy

Charter No. 0438



Magnolia Science Academy

Table of Contents

June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 20 |
| Schedule of Average Daily Attendance..... | 21 |
| Schedule of Instructional Time..... | 22 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 23 |
| Note to Supplementary Information | 24 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26 |
| Independent Auditor’s Report on State Compliance | 28 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 31 |
| Financial Statement Findings | 32 |
| State Compliance Findings and Questioned Costs | 34 |
| Summary Schedule of Prior Audit Findings..... | 35 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy
Reseda, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 2,636,263 | \$ 2,939,938 |
| Accounts receivable | 1,343,289 | 1,273,139 |
| Intercompany receivable | - | 849,433 |
| Prepaid expenses | 107,966 | 2,059 |
| Total current assets | 4,087,518 | 5,064,569 |
| Non-current assets | | |
| Capital contribution | 161,923 | 161,923 |
| Property and equipment, net | 3,539,439 | 753,215 |
| Total non-current assets | 3,701,362 | 915,138 |
| Total assets | \$ 7,788,880 | \$ 5,979,707 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 1,247,311 | \$ 1,002,872 |
| Refundable advance | - | 13,462 |
| Refundable advance - Paycheck Protection Program (PPP) | 789,701 | - |
| Intracompany payable | 449,753 | 101,215 |
| Total liabilities | 2,486,765 | 1,117,549 |
| Net Assets | | |
| Without donor restrictions | 5,302,115 | 4,862,158 |
| Total liabilities and net assets | \$ 7,788,880 | \$ 5,979,707 |

Magnolia Science Academy
Statement of Activities
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|----------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 7,240,548 | \$ 6,399,704 |
| Federal revenue | 765,438 | 663,788 |
| Other state revenue | 1,608,028 | 1,863,464 |
| Local revenues | 80,955 | 323,831 |
| Total support and revenues | <u>9,694,969</u> | <u>9,250,787</u> |
| Expenses | | |
| Program services | 5,269,036 | 5,181,054 |
| Management and general | 3,985,976 | 4,019,419 |
| Total expenses | <u>9,255,012</u> | <u>9,200,473</u> |
| Change in Net Assets | <u>439,957</u> | <u>50,314</u> |
| Net Assets, Beginning of Year | <u>4,862,158</u> | <u>4,811,844</u> |
| Net Assets, End of Year | <u><u>\$ 5,302,115</u></u> | <u><u>\$ 4,862,158</u></u> |

Magnolia Science Academy
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 3,035,792 | \$ 731,775 | \$ 3,767,567 |
| Employee benefits | 477,360 | 2,684 | 480,044 |
| Payroll taxes | 1,228,406 | 174,737 | 1,403,143 |
| Fees for services | - | 477,299 | 477,299 |
| Advertising and promotions | - | 14,161 | 14,161 |
| Office expenses | 35,572 | 4,287 | 39,859 |
| Information technology | 20,694 | - | 20,694 |
| Occupancy | - | 1,584,779 | 1,584,779 |
| Travel | - | 2,754 | 2,754 |
| Depreciation | 68,205 | - | 68,205 |
| Insurance | - | 45,632 | 45,632 |
| Other expenses | 72,152 | 87,342 | 159,494 |
| Capital outlay | 76,471 | - | 76,471 |
| Special education | 56,110 | - | 56,110 |
| Instructional materials | 113,540 | - | 113,540 |
| Nutrition | 13,041 | - | 13,041 |
| District oversight fees | 71,693 | - | 71,693 |
| Management fees | - | 860,526 | 860,526 |
| | <u>\$ 5,269,036</u> | <u>\$ 3,985,976</u> | <u>\$ 9,255,012</u> |
| Total functional expenses | | | |

Magnolia Science Academy
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 439,957 | \$ 50,314 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 68,205 | 71,472 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (70,150) | 76,036 |
| Intercompany receivable | 849,433 | (261,033) |
| Prepaid expenses | (105,907) | 258,620 |
| Accounts payable | 244,439 | 735,307 |
| Deferred revenue | (13,462) | 13,462 |
| Refundable advance - PPP | 789,701 | - |
| Intercompany payable | 348,538 | (48,327) |
| Net Cash from Operating Activities | <u>2,550,754</u> | <u>895,851</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(2,854,429)</u> | <u>-</u> |
| Net Change in Cash | (303,675) | 895,851 |
| Cash, Beginning of Year | <u>2,939,938</u> | <u>2,044,087</u> |
| Cash, End of Year | <u>\$ 2,636,263</u> | <u>\$ 2,939,938</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy**

Charter school number authorized by the State: 0438

Magnolia Science Academy (the Organization) is a charter school located in Reseda, California that provides education for grades six through twelve. The Organization was created under the approval of the Los Angeles Unified School District and the California State Board of Education and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2016 for a period of five years ending in 2022. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

MPM Sherman Way, LLC

The Organization formed the MPM Sherman Way, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Reseda Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for state programs.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Capital Contribution

MSA invested \$161,923 in a capital contribution to the MPM Sherman Way, LLC as an investment for the building improvement located at 18238 Sherman Way in the city of Reseda, CA 91335 for its campus location.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$789,701 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$789,701 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) *Effective Dates for Certain Entities*, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy
Notes to Financial Statements
June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|-------------------------|-----------------------------|-----------------------------|
| Cash | \$ 2,636,263 | \$ 2,939,938 |
| Accounts receivable | 1,343,289 | 1,273,139 |
| Intercompany receivable | - | 849,433 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 3,979,552</u> | <u>\$ 5,062,510</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|---------------------|-------------------|
| | MSA | Consolidated |
| Leasehold improvements | \$ 2,360,135 | \$ - |
| Building | 226,898 | - |
| Computer and equipment | 422,141 | 422,141 |
| Work in progress | 960,171 | 692,775 |
| | <u>3,969,345</u> | <u>1,114,916</u> |
| Total property and equipment | 3,969,345 | 1,114,916 |
| Less accumulated depreciation | <u>(429,906)</u> | <u>(361,701)</u> |
| Total | <u>\$ 3,539,439</u> | <u>\$ 753,215</u> |

Note 4 - Operating Lease

MSA entered into a lease agreement with MPM Sherman Way, LLC in which the MSA will occupy for its campus location. The term of this agreement expires on July 1, 2044. Lease expense for the fiscal year ending June 30, 2020 was \$1,295,589, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| Year Ending June 30, | Lease Payment |
|-------------------------|----------------------|
| 2021 | \$ 1,295,476 |
| 2022 | 1,297,781 |
| 2023 | 1,302,336 |
| 2024 | 1,307,572 |
| 2025 | 1,312,995 |
| Thereafter | <u>25,942,689</u> |
| Total | <u>\$ 32,458,849</u> |

Note 5 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 41,766 | \$ - |
| Designated for state programs | 80,388 | 721,439 |
| Undesignated | <u>5,179,961</u> | <u>4,140,719</u> |
| Total net assets without donor restrictions | <u>\$ 5,302,115</u> | <u>\$ 4,862,158</u> |

Note 6 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$499,271.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$119,214.

Magnolia Science Academy

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$371,606 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$124,649 in these financial statements.

Note 7 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 8 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy

Magnolia Science Academy
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy (the Organization) (Charter Number 0438) was granted on December 20, 2016, by Los Angeles County of Education for a five year period ending June 30, 2022. The Organization operates one school, grades six through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Mustafa Sahin | Principal |

Magnolia Science Academy
Schedule of Average Daily Attendance
Year Ended June 30, 2020

| | <u>Second Period Report 79CF7028</u> | <u>Annual Report B317A63D</u> |
|---------------------------|--|---------------------------------------|
| Regular ADA | | |
| Sixth | 121.26 | 121.26 |
| Seventh and eighth | 209.37 | 209.37 |
| Ninth through twelfth | <u>293.27</u> | <u>293.27</u> |
| Total Regular ADA | <u><u>623.90</u></u> | <u><u>623.90</u></u> |
| Classroom Based ADA | | |
| Sixth | 121.26 | 121.26 |
| Seventh and eighth | 209.37 | 209.37 |
| Ninth through twelfth | <u>293.27</u> | <u>293.27</u> |
| Total Classroom Based ADA | <u><u>623.90</u></u> | <u><u>623.90</u></u> |

Magnolia Science Academy
Schedule of Instructional Time
Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 65,004 | 181 | N/A | Complied |
| Grade 7 | | 65,004 | 181 | N/A | Complied |
| Grade 8 | | 65,004 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 65,004 | 181 | N/A | Complied |
| Grade 10 | | 65,004 | 181 | N/A | Complied |
| Grade 11 | | 65,004 | 181 | N/A | Complied |
| Grade 12 | | 65,004 | 181 | N/A | Complied |

Magnolia Science Academy
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 5,138,251 |
| Increase in | |
| Accounts receivable | 157,448 |
| Prepaid expenses | 107,966 |
| Accounts payable | <u>(101,550)</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 5,302,115</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy
Reseda, 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 Magnolia Science Academy (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy
Reseda, California

Report on State Compliance

We have audited Magnolia Science Academy's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| CHARTER SCHOOLS | Procedures Performed |
|---|-------------------------|
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | Yes |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
 _____, 2021

Magnolia Science Academy
 Summary of Auditor's Results
 Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy
Financial Statement Findings
Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Charter School.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable, prepaid expenses, and accounts payable were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy 2

Charter No. 0906



Magnolia Science Academy 2

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 30 |
| Financial Statement Findings | 31 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 34 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 2
Van Nuys, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 2 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 2
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 2,288,348 | \$ 1,158,184 |
| Accounts receivable | 803,707 | 576,220 |
| Intercompany receivable | - | 153,812 |
| Prepaid expenses | 2,197 | 1,091 |
| Total current assets | 3,094,252 | 1,889,307 |
| Non-current assets | | |
| Property and equipment, net | 149,268 | 46,055 |
| Total assets | \$ 3,243,520 | \$ 1,935,362 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 1,034,276 | \$ 863,201 |
| Refundable advance | - | 11,351 |
| Refundable advance - Paycheck Protection Program (PPP) | 632,270 | - |
| Intracompany payable | - | 44,258 |
| Total liabilities | 1,666,546 | 918,810 |
| Net Assets | | |
| Without donor restrictions | 1,576,974 | 1,016,552 |
| Total liabilities and net assets | \$ 3,243,520 | \$ 1,935,362 |

Magnolia Science Academy 2

Statement of Activities

Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|---------------------|---------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 4,795,130 | \$ 4,605,903 |
| Federal revenue | 252,373 | 297,621 |
| Other state revenue | 621,972 | 736,395 |
| Local revenues | 279,455 | 74,393 |
| Total support and revenues | <u>5,948,930</u> | <u>5,714,312</u> |
| Expenses | | |
| Program services | 3,644,323 | 3,662,734 |
| Management and general | 1,744,185 | 2,152,256 |
| Total expenses | <u>5,388,508</u> | <u>5,814,990</u> |
| Change in Net Assets | <u>560,422</u> | <u>(100,678)</u> |
| Net Assets, Beginning of Year | <u>1,016,552</u> | <u>1,117,230</u> |
| Net Assets, End of Year | <u>\$ 1,576,974</u> | <u>\$ 1,016,552</u> |

Magnolia Science Academy 2
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 2,342,487 | \$ 488,614 | \$ 2,831,101 |
| Employee benefits | 340,262 | - | 340,262 |
| Payroll taxes | 618,238 | 124,935 | 743,173 |
| Fees for services | - | 73,614 | 73,614 |
| Advertising and promotions | - | 9,954 | 9,954 |
| Office expenses | 34,969 | 9,836 | 44,805 |
| Information technology | 11,210 | - | 11,210 |
| Occupancy | - | 170,077 | 170,077 |
| Travel | - | 2,693 | 2,693 |
| Depreciation | 59,061 | - | 59,061 |
| Insurance | - | 28,137 | 28,137 |
| Other expenses | 48,158 | 56,474 | 104,632 |
| Capital outlay | 26,021 | - | 26,021 |
| Special education | 50,348 | - | 50,348 |
| Instructional materials | 59,132 | - | 59,132 |
| Nutrition | 7,015 | - | 7,015 |
| District oversight fees | 47,422 | - | 47,422 |
| Management fees | - | 779,851 | 779,851 |
| | <u>\$ 3,644,323</u> | <u>\$ 1,744,185</u> | <u>\$ 5,388,508</u> |
| Total functional expenses | <u>\$ 3,644,323</u> | <u>\$ 1,744,185</u> | <u>\$ 5,388,508</u> |

Magnolia Science Academy 2
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 560,422 | \$ (100,677) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 59,061 | 69,484 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (227,487) | (54,366) |
| Intercompany receivable | 153,812 | (91,635) |
| Prepaid expenses | (1,106) | 86,172 |
| Accounts payable | 171,075 | 133,817 |
| Refundable advance | (11,351) | 11,351 |
| Refundable advance - PPP | 632,270 | - |
| Intercompany payable | (44,258) | 9,194 |
| Net Cash from Operating Activities | <u>1,292,438</u> | <u>63,340</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(162,274)</u> | <u>-</u> |
| Net Change in Cash | 1,130,164 | 63,340 |
| Cash, Beginning of Year | <u>1,158,184</u> | <u>1,094,844</u> |
| Cash, End of Year | <u>\$ 2,288,348</u> | <u>\$ 1,158,184</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy 2Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 2**

Charter school number authorized by the State: 0906

Magnolia Science Academy 2 (the Organization) is a charter school located in Van Nuys, California that provides sixth through twelfth grade education to approximately 435 students. The Organization was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2018 for a period of five years ending June 30, 2022. The Organization is economically dependent on Federal and State funding. Magnolia Public Schools provides a college preparatory educational program emphasizing science, technology, engineering, and math (STEM) in a safe environment that cultivates respect for self and others. Graduates of Magnolia Public Schools are scientific thinkers who contribute to the global community as socially responsible and educated members of society.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

Magnolia Science Academy 2

Notes to Financial Statements
June 30, 2020 and 2019

The Organization was granted a \$632,270 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$632,270 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|-------------------------|-----------------------------|-----------------------------|
| Cash | \$ 2,288,348 | \$ 1,158,184 |
| Accounts receivable | 803,707 | 576,220 |
| Intercompany receivable | - | 153,812 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 3,092,055</u> | <u>\$ 1,888,216</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|-------------------|------------------|
| Building | \$ 10,061 | \$ 10,061 |
| Computer and equipment | 562,450 | 379,284 |
| Work in progress | - | 20,892 |
| | <u>572,511</u> | <u>410,237</u> |
| Total property and equipment | | |
| Less accumulated depreciation | <u>(423,243)</u> | <u>(364,182)</u> |
| Total | <u>\$ 149,268</u> | <u>\$ 46,055</u> |

Note 4 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for state programs | \$ 25,264 | \$ 284,380 |
| Undesignated | 1,551,710 | 732,173 |
| | <u>\$ 1,576,974</u> | <u>\$ 1,016,553</u> |
| Total net assets without donor restrictions | | |

Note 5 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$346,307.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$99,541.

Magnolia Science Academy 2

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$189,542 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$63,579 in these financial statements.

Note 6 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 7 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 2

Magnolia Science Academy 2
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 2 (the Organization) (Charter Number 0906) was granted on July 1, 2002, by Los Angeles County Office of Education for a five year period ending June 30, 2022. The Organization operates one school, grades six through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| David Garner | Principal |

Magnolia Science Academy 2
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

| | <u>Second Period Report 84139A7B</u> | <u>Annual Report D948E5DB</u> |
|---------------------------|--|---------------------------------------|
| Regular ADA | | |
| Sixth | 91.43 | 91.43 |
| Seventh and eighth | 162.77 | 162.77 |
| Ninth through twelfth | <u>165.16</u> | <u>165.16</u> |
| Total Regular ADA | <u><u>419.36</u></u> | <u><u>419.36</u></u> |
| Classroom Based ADA | | |
| Sixth | 91.43 | 91.43 |
| Seventh and eighth | 162.77 | 162.77 |
| Ninth through twelfth | <u>165.16</u> | <u>165.16</u> |
| Total Classroom Based ADA | <u><u>419.36</u></u> | <u><u>419.36</u></u> |

Magnolia Science Academy 2

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 64,612 | 181 | N/A | Complied |
| Grade 7 | | 64,612 | 181 | N/A | Complied |
| Grade 8 | | 64,612 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 64,812 | 181 | N/A | Complied |
| Grade 10 | | 64,812 | 181 | N/A | Complied |
| Grade 11 | | 64,812 | 181 | N/A | Complied |
| Grade 12 | | 64,812 | 181 | N/A | Complied |

Magnolia Science Academy 2
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 1,600,557 |
| Decrease in | |
| Accounts receivable | (87,746) |
| Accounts payable | 64,057 |
| Increase in | |
| Prepaid expenses | <u>106</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 1,576,974</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 2

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 2
Van Nuys, 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 Magnolia Science Academy 2 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 2
Van Nuys, California

Report on State Compliance

We have audited Magnolia Science Academy 2's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform procedures for the After/Before School Education and Safety Program because the Organization does not offer the program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 2

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy 2

Financial Statement Findings

Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Organization.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable, prepaid expenses, and accounts payable were not recorded and accounted for.

Effect

The auditor proposed certain accrual closing entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles to address the year end adjustment.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy 2

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

Management and those charged with governance should implement a control system which allows for the monitoring of accruals and the related disclosure and consider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy 2
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy 2
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy 3

Charter No. 0917



Magnolia Science Academy 3

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 31 |
| Financial Statement Findings | 32 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 35 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 3
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 3 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 3

Statement of Financial Position

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,393,344 | \$ 991,716 |
| Accounts receivable | 766,829 | 777,695 |
| Intercompany receivable | - | 6,759 |
| Prepaid expenses | 833 | 613 |
| Total current assets | <u>2,161,006</u> | <u>1,776,783</u> |
| Non-current assets | | |
| Property and equipment, net | 32,056 | 22,224 |
| Total assets | <u><u>\$ 2,193,062</u></u> | <u><u>\$ 1,799,007</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 764,750 | \$ 730,926 |
| Refundable advance | - | 11,368 |
| Refundable advance - Paycheck Protection Program (PPP) | 627,597 | - |
| Intracompany payable | - | 9,705 |
| Total liabilities | <u>1,392,347</u> | <u>751,999</u> |
| Net Assets | | |
| Without donor restrictions | 800,715 | 1,047,008 |
| Total liabilities and net assets | <u><u>\$ 2,193,062</u></u> | <u><u>\$ 1,799,007</u></u> |

Magnolia Science Academy 3

Statement of Activities

Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|--------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 5,140,719 | \$ 5,190,998 |
| Federal revenue | 264,608 | 253,403 |
| Other state revenue | 807,212 | 925,719 |
| Local revenues | 45,934 | 66,432 |
| Total support and revenues | <u>6,258,473</u> | <u>6,436,552</u> |
| Expenses | | |
| Program services | 3,759,580 | 3,762,176 |
| Management and general | 2,745,186 | 2,691,085 |
| Total expenses | <u>6,504,766</u> | <u>6,453,261</u> |
| Change in Net Assets | <u>(246,293)</u> | <u>(16,709)</u> |
| Net Assets, Beginning of Year | <u>1,047,008</u> | <u>1,063,717</u> |
| Net Assets, End of Year | <u><u>\$ 800,715</u></u> | <u><u>\$ 1,047,008</u></u> |

Magnolia Science Academy 3
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 2,354,446 | \$ 794,867 | \$ 3,149,313 |
| Employee benefits | 344,071 | 8,000 | 352,071 |
| Payroll taxes | 569,803 | 205,775 | 775,578 |
| Fees for services | - | 168,990 | 168,990 |
| Advertising and promotions | - | 9,328 | 9,328 |
| Office expenses | 45,201 | 49,400 | 94,601 |
| Information technology | 15,954 | - | 15,954 |
| Occupancy | - | 560,478 | 560,478 |
| Depreciation | 6,440 | - | 6,440 |
| Insurance | - | 27,797 | 27,797 |
| Other expenses | 84,265 | 60,025 | 144,290 |
| Capital outlay | 29,457 | - | 29,457 |
| Special education | 132,781 | - | 132,781 |
| Instructional materials | 113,807 | - | 113,807 |
| Nutrition | 12,038 | - | 12,038 |
| District oversight fees | 51,317 | - | 51,317 |
| Management fees | - | 860,526 | 860,526 |
| | <u>\$ 3,759,580</u> | <u>\$ 2,745,186</u> | <u>\$ 6,504,766</u> |
| Total functional expenses | <u>\$ 3,759,580</u> | <u>\$ 2,745,186</u> | <u>\$ 6,504,766</u> |

Magnolia Science Academy 3
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (246,293) | \$ (16,709) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 6,440 | 63,804 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 10,866 | (336,947) |
| Intercompany receivable | 6,759 | (155) |
| Prepaid expenses | (220) | 1,130 |
| Accounts payable | 33,823 | 522,288 |
| Refundable advance | (11,368) | 11,368 |
| Refundable advance - PPP | 627,597 | - |
| Intercompany payable | (9,705) | 6,800 |
| Net Cash from Operating Activities | <u>417,899</u> | <u>251,579</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(16,271)</u> | <u>-</u> |
| Net Change in Cash | 401,628 | 251,579 |
| Cash, Beginning of Year | <u>991,716</u> | <u>740,137</u> |
| Cash, End of Year | <u>\$ 1,393,344</u> | <u>\$ 991,716</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 3**

Charter school number authorized by the State: 0917

Magnolia Science Academy 3 (the Organization) is a charter school located in Carson, California that provides sixth through twelfth grade education to approximately 497 students. The Organization was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2016 for a period of five years ending June 30, 2022. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$627,597 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$627,597 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy 3Notes to Financial Statements
June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|-------------------------|-----------------------------|-----------------------------|
| Cash | \$ 1,393,344 | \$ 991,716 |
| Accounts receivable | 766,829 | 777,695 |
| Intercompany receivable | - | 6,759 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 2,160,173</u> | <u>\$ 1,776,170</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| Computer and equipment | \$ 283,698 | \$ 250,814 |
| Work in progress | - | 16,613 |
| Total property and equipment | 283,698 | 267,427 |
| Less accumulated depreciation | (251,642) | (245,203) |
| Total | <u>\$ 32,056</u> | <u>\$ 22,224</u> |

Note 4 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|-------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 13,752 | \$ - |
| Designated for state programs | 83,433 | 362,240 |
| Undesignated | 703,530 | 684,770 |
| Total net assets without donor restrictions | <u>\$ 800,715</u> | <u>\$ 1,047,010</u> |

Note 5 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$333,594.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$145,969.

Magnolia Science Academy 3

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$177,866 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$59,662 in these financial statements.

Note 6 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 7 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 3

Magnolia Science Academy 3
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 3 (the Organization) (Charter Number 0917) was granted on December 20, 2016, by the Los Angeles County Office of Education for a five year period ending June 30, 2022. The Organization operates one school, grades six through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Zekeriya Ocel | Principal |

Magnolia Science Academy 3
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

| | <u>Second Period Report 1C81804C</u> | <u>Annual Report 05034F31</u> |
|---------------------------|--|---------------------------------------|
| Regular ADA | | |
| Sixth | 62.79 | 62.79 |
| Seventh and eighth | 183.19 | 183.19 |
| Ninth through twelfth | <u>222.16</u> | <u>222.16</u> |
| Total Regular ADA | <u><u>468.14</u></u> | <u><u>468.14</u></u> |
| Classroom Based ADA | | |
| Sixth | 62.79 | 62.79 |
| Seventh and eighth | 183.19 | 183.19 |
| Ninth through twelfth | <u>222.16</u> | <u>222.16</u> |
| Total Classroom Based ADA | <u><u>468.14</u></u> | <u><u>468.14</u></u> |

Magnolia Science Academy 3

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 65,184 | 181 | N/A | Complied |
| Grade 7 | | 65,184 | 181 | N/A | Complied |
| Grade 8 | | 65,184 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 65,184 | 181 | N/A | Complied |
| Grade 10 | | 65,184 | 181 | N/A | Complied |
| Grade 11 | | 65,184 | 181 | N/A | Complied |
| Grade 12 | | 65,184 | 181 | N/A | Complied |

Magnolia Science Academy 3
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|--------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 794,205 |
| Decrease in | |
| Accounts receivable | (17,005) |
| Prepaid expenses | (333) |
| Accounts payable | <u>23,848</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 800,715</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 57 days due to the pandemic. As a result, the Organization received credit for these 57 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 3

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 3
Carson, 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 Magnolia Science Academy 3 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 3
Carson, California

Report on State Compliance

We have audited Magnolia Science Academy 3's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Basis for Qualified Opinion on After School Education and Safety Program

As described in the accompanying Schedule of State Compliance Findings and Questioned Costs, the Organization did not comply with requirements regarding *After School Education and Safety Program* as item 2020-001. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements referred to above.

Qualified Opinion on After School Education and Safety Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Template Binders complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

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

Unmodified Opinion on Each of the Other Programs

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 3

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

| | |
|--|--------------|
| Type of auditor's report issued on compliance for programs: | Unmodified * |
|--|--------------|

Unmodified for all programs except for the following
program which was qualified:

Name of Program

* After School Education and Safety Program

Magnolia Science Academy 3
Financial Statement Findings
Year Ended June 30, 2020

None report.

Magnolia Science Academy 3
 State Compliance Findings and Questioned Costs
 Year Ended June 30, 2020

The following finding represent an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 40000 | State Compliance |
| 2020-001 | Code 40000 | |

Criteria or Specific Requirements

According to the *California Education Code* Section 8482.4(c)(1), a charter that receives state funding for an after-school program must report attendance to the California Department of Education (CDE) semiannually. Such reporting must be supported by attendance records supporting student participation.

Condition

The Organization compiles monthly summaries of student attendance for submission to the CDE. However, in reviewing one of the two school's monthly summary totals for the second semi-annual reporting period, it was noted that the Organization's monthly totals as summarized did not agree with what was reported on the semi-annual report. The CDE report for the second semi-annual report shows 4,114 students served for the Organization. In contrast, the monthly summary totals for July through December 2019 shows 4,119 students served for the Organization. This resulted in the Organization underclaiming the number of students served by five.

Questioned costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears understated by five students for the first semi-annual reporting period.

Context

The attendance condition was identified when the auditor selected one semi-annual reporting period dated July 2019 to December 2019. Auditor reviewed monthly summaries for the same period noting multiple exceptions as noted above.

Effect

In addition, the Organization was not compliant with *Education Code* Section 8482.4(c)(1) for the 2019-2020 fiscal year, since the number of students served as reported to the CDE is overstated when compared to supporting records.

Magnolia Science Academy 3
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

Cause

The attendance condition appears to have resulted from inconsistent procedures utilized to track student attendance.

Recommendation

For accurate attendance reporting, the Organization should review procedures used to report the number of students served to the CDE to methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semi-annual reports prior to submitting them to the CDE.

Repeat Finding (Yes or No)

No

Corrective Action Plan and View of Responsible Officials

The Organization is taking steps to audit attendance from the sign-in and out sheets to the excel spreadsheets used to report the attendance. The attendance will be reviewed by another staff member in addition to the staff member preparing the data.

Magnolia Science Academy 3
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements
June 30, 2020 and 2019

Magnolia Science Academy 4 Charter No. 0986



Magnolia Science Academy 4

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 30 |
| Financial Statement Findings | 31 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 34 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 4
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 4 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 4
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,317,106 | \$ 1,475,263 |
| Accounts receivable | 180,928 | 290,221 |
| Intercompany receivable | - | 46,259 |
| Prepaid expenses | 758 | 377 |
| Total current assets | 1,498,792 | 1,812,120 |
| Non-current assets | | |
| Property and equipment, net | 42,347 | 30,803 |
| Total assets | \$ 1,541,139 | \$ 1,842,923 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 402,920 | \$ 518,993 |
| Refundable advance | - | 1,136 |
| Refundable advance - Paycheck Protection Program (PPP) | 229,930 | - |
| Intracompany payable | - | 66 |
| Total liabilities | 632,850 | 520,195 |
| Net Assets | | |
| Without donor restrictions | 908,289 | 1,322,728 |
| Total liabilities and net assets | \$ 1,541,139 | \$ 1,842,923 |

Magnolia Science Academy 4
Statement of Activities
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|--------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 1,419,604 | \$ 1,797,472 |
| Federal revenue | 103,688 | 107,915 |
| Other state revenue | 235,912 | 263,369 |
| Local revenues | 82,139 | 83,494 |
| Total support and revenues | <u>1,841,343</u> | <u>2,252,250</u> |
| Expenses | | |
| Program services | 1,537,125 | 1,604,258 |
| Management and general | 718,657 | 795,778 |
| Total expenses | <u>2,255,782</u> | <u>2,400,036</u> |
| Change in Net Assets | <u>(414,439)</u> | <u>(147,786)</u> |
| Net Assets, Beginning of Year | <u>1,322,728</u> | <u>1,470,514</u> |
| Net Assets, End of Year | <u><u>\$ 908,289</u></u> | <u><u>\$ 1,322,728</u></u> |

Magnolia Science Academy 4
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 927,183 | \$ 155,659 | \$ 1,082,842 |
| Employee benefits | 140,820 | 3,000 | 143,820 |
| Payroll taxes | 281,619 | 37,610 | 319,229 |
| Fees for services | - | 42,271 | 42,271 |
| Advertising and promotions | - | 6,420 | 6,420 |
| Office expenses | 6,692 | 6,810 | 13,502 |
| Information technology | 15,348 | - | 15,348 |
| Occupancy | - | 396,069 | 396,069 |
| Depreciation | 16,838 | - | 16,838 |
| Insurance | - | 10,084 | 10,084 |
| Other expenses | 55,145 | 23,087 | 78,232 |
| Capital outlay | 10,722 | - | 10,722 |
| Special education | 55,879 | - | 55,879 |
| Instructional materials | 11,152 | - | 11,152 |
| Nutrition | 1,369 | - | 1,369 |
| District oversight fees | 14,358 | - | 14,358 |
| Management fees | - | 37,647 | 37,647 |
| Total functional expenses | \$ 1,537,125 | \$ 718,657 | \$ 2,255,782 |

Magnolia Science Academy 4
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (414,439) | \$ (147,786) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 16,838 | 15,656 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 109,293 | (133,562) |
| Intercompany receivable | 46,259 | (45,323) |
| Prepaid expenses | (381) | - |
| Accounts payable | (116,073) | 448,372 |
| Refundable advance | (1,136) | 1,136 |
| Refundable advance - PPP | 229,930 | - |
| Intercompany payable | (66) | - |
| Net Cash from Operating Activities | (129,775) | 138,493 |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | (28,382) | - |
| Net Change in Cash | (158,157) | 138,493 |
| Cash, Beginning of Year | 1,475,263 | 1,336,770 |
| Cash, End of Year | \$ 1,317,106 | \$ 1,475,263 |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | \$ - | \$ - |

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 4**

Charter school number authorized by the State: 0986

Magnolia Science Academy 4 (the Organization) is a charter school located in Los Angeles, California that provides sixth through twelfth grade education to approximately 131 students. The Organization was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Organization was granted a five year extension through June 30, 2023. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$229,930 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy 4

Notes to Financial Statements
June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$229,930 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

Magnolia Science Academy 4
Notes to Financial Statements
June 30, 2020 and 2019

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|-------------------------|-----------------------------|-----------------------------|
| Cash | \$ 1,317,106 | \$ 1,475,263 |
| Accounts receivable | 180,928 | 290,221 |
| Intercompany receivable | - | 46,259 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 1,498,034</u> | <u>\$ 1,811,743</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| Computer and equipment | \$ 206,678 | \$ 164,670 |
| Work in progress | - | 13,626 |
| | <u>206,678</u> | <u>178,296</u> |
| Total property and equipment | 206,678 | 178,296 |
| Less accumulated depreciation | <u>(164,331)</u> | <u>(147,493)</u> |
| Total | <u>\$ 42,347</u> | <u>\$ 30,803</u> |

Note 4 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|-------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 24,651 | \$ - |
| Designated for state programs | 21,233 | - |
| Undesignated | <u>862,405</u> | <u>1,322,729</u> |
| Total net assets without donor restrictions | <u>\$ 908,289</u> | <u>\$ 1,322,729</u> |

Note 5 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | 2% at 60 | 2% at 62 |
| Benefit formula | 5 years of service | 5 years of service |
| Benefit vesting schedule | Monthly for life | Monthly for life |
| Benefit payments | 60 | 62 |
| Retirement age | 2.0% - 2.4% | 2.0% - 2.4% |
| Monthly benefits as a percentage of eligible compensation | 10.25% | 10.205% |
| Required employee contribution rate | 17.10% | 17.10% |
| Required employer contribution rate | 10.328% | 10.328% |
| Required state contribution rate | | |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$162,693.

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$21,559.

Magnolia Science Academy 4

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$84,411 (10.328% of annual payroll).

Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$28,314 in these financial statements.

Note 6 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 7 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 4

Magnolia Science Academy 4
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 4 (the Organization) (Charter Number 0986) was granted on May 8, 2008, by Los Angeles Unified School District for a five year period ending June 30, 2023. The Organization operates one school, grades six through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Musa Avsar | Principal |

Magnolia Science Academy 4
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

| | Second Period Report <u>339EE631</u> | Annual Report <u>A3A56CC9</u> |
|---------------------------|--|-------------------------------------|
| Regular ADA | | |
| Sixth | 9.92 | 9.92 |
| Seventh and eighth | 21.82 | 21.82 |
| Ninth through twelfth | <u>89.97</u> | <u>89.97</u> |
| Total Regular ADA | <u><u>121.71</u></u> | <u><u>121.71</u></u> |
| Classroom Based ADA | | |
| Sixth | 9.92 | 9.92 |
| Seventh and eighth | 21.82 | 21.82 |
| Ninth through twelfth | <u>89.97</u> | <u>89.97</u> |
| Total Classroom Based ADA | <u><u>121.71</u></u> | <u><u>121.71</u></u> |

Magnolia Science Academy 4

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 65,375 | 181 | N/A | Complied |
| Grade 7 | | 65,375 | 181 | N/A | Complied |
| Grade 8 | | 65,375 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 65,375 | 181 | N/A | Complied |
| Grade 10 | | 65,375 | 181 | N/A | Complied |
| Grade 11 | | 65,375 | 181 | N/A | Complied |
| Grade 12 | | 65,375 | 181 | N/A | Complied |

Magnolia Science Academy 4
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|--------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 713,471 |
| Decrease in | |
| Accounts receivable | (7,633) |
| Accounts payable | <u>202,451</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 908,289</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 4

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 4
Los Angeles, 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 Magnolia Science Academy 4 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 4
Los Angeles, California

Report on State Compliance

We have audited Magnolia Science Academy 4's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform procedures for the After/Before School Education and Safety Program because the Organization does not offer the program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 4

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy 4

Financial Statement Findings

Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Organization.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable and accounts payable were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy 4

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy 4
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy 4
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy 5

Charter No. 0987



Magnolia Science Academy 5

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 30 |
| Financial Statement Findings | 31 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 34 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 5
Reseda, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 5 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 5
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,478,382 | \$ 1,987,156 |
| Accounts receivable | 500,853 | 337,071 |
| Intercompany receivable | 988,341 | 1,026 |
| Prepaid expenses | 1,667 | - |
| Total current assets | 2,969,243 | 2,325,253 |
| Non-current assets | | |
| Property and equipment, net | 59,649 | 64,363 |
| Total assets | \$ 3,028,892 | \$ 2,389,616 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 571,523 | \$ 496,724 |
| Refundable advance | - | 5,090 |
| Refundable advance - Paycheck Protection Program (PPP) | 349,985 | - |
| Intracompany payable | - | 105,795 |
| Total liabilities | 921,508 | 607,609 |
| Net Assets | | |
| Without donor restrictions | 2,107,384 | 1,782,007 |
| Total liabilities and net assets | \$ 3,028,892 | \$ 2,389,616 |

Magnolia Science Academy 5
Statement of Activities
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|----------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 3,043,774 | \$ 2,519,073 |
| Federal revenue | 148,113 | 136,309 |
| Other state revenue | 430,857 | 239,173 |
| Local revenues | 70,980 | 13,837 |
| Total support and revenues | <u>3,693,724</u> | <u>2,908,392</u> |
| Expenses | | |
| Program services | 2,205,021 | 2,130,052 |
| Management and general | 1,163,326 | 891,665 |
| Total expenses | <u>3,368,347</u> | <u>3,021,717</u> |
| Change in Net Assets | <u>325,377</u> | <u>(113,325)</u> |
| Net Assets, Beginning of Year | <u>1,782,007</u> | <u>1,895,332</u> |
| Net Assets, End of Year | <u><u>\$ 2,107,384</u></u> | <u><u>\$ 1,782,007</u></u> |

Magnolia Science Academy 5
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 1,329,927 | \$ 284,476 | \$ 1,614,403 |
| Employee benefits | 209,419 | 6,000 | 215,419 |
| Payroll taxes | 355,267 | 76,544 | 431,811 |
| Fees for services | - | 54,522 | 54,522 |
| Advertising and promotions | - | 197 | 197 |
| Office expenses | 31,729 | 4,048 | 35,777 |
| Information technology | 7,286 | - | 7,286 |
| Occupancy | - | 257,668 | 257,668 |
| Travel | - | 963 | 963 |
| Depreciation | 24,734 | - | 24,734 |
| Insurance | - | 9,595 | 9,595 |
| Other expenses | 41,615 | 39,050 | 80,665 |
| Capital outlay | 9,190 | - | 9,190 |
| Special education | 27,583 | - | 27,583 |
| Instructional materials | 62,647 | - | 62,647 |
| Nutrition | 75,229 | - | 75,229 |
| District oversight fees | 30,395 | - | 30,395 |
| Management fees | - | 430,263 | 430,263 |
| | <u>\$ 2,205,021</u> | <u>\$ 1,163,326</u> | <u>\$ 3,368,347</u> |
| Total functional expenses | <u>\$ 2,205,021</u> | <u>\$ 1,163,326</u> | <u>\$ 3,368,347</u> |

Magnolia Science Academy 5
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 325,377 | \$ (113,325) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 24,734 | 17,579 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (163,782) | (179,448) |
| Intercompany receivable | (987,315) | 21,566 |
| Prepaid expenses | (1,667) | 11,698 |
| Accounts payable | 74,800 | 394,414 |
| Refundable advance | (5,090) | 5,090 |
| Refundable advance - PPP | 349,985 | - |
| Intercompany payable | (105,795) | 97,627 |
| Net Cash from (used for) Operating Activities | (488,753) | 255,201 |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | (20,021) | - |
| Net Change in Cash | (508,774) | 255,201 |
| Cash, Beginning of Year | 1,987,156 | 1,731,955 |
| Cash, End of Year | \$ 1,478,382 | \$ 1,987,156 |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | \$ - | \$ - |

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 5**

Charter school number authorized by the State: 0987

Magnolia Science Academy 5 (the Organization), formerly located in Hollywood, now located in Reseda, California provides sixth through ninth grade education to approximately 281 students. The Organization was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. During 2018, the Organization was approved for a five year period ending June 30, 2023 under Los Angeles County Office of Education. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$349,985 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$349,985 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|-------------------------|---------------------|---------------------|
| Cash | \$ 1,478,382 | \$ 1,987,156 |
| Accounts receivable | 500,853 | 337,071 |
| Intercompany receivable | 988,341 | 1,026 |
| Total | <u>\$ 2,967,576</u> | <u>\$ 2,325,253</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| Computer and equipment | \$ 225,539 | \$ 191,682 |
| Work in progress | - | 13,836 |
| | <u>225,539</u> | <u>205,518</u> |
| Total property and equipment | 225,539 | 205,518 |
| Less accumulated depreciation | <u>(165,890)</u> | <u>(141,155)</u> |
| Total | <u>\$ 59,649</u> | <u>\$ 64,363</u> |

Note 4 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 10,646 | \$ - |
| Designated for state programs | 4,530 | 284,969 |
| Undesignated | <u>2,092,208</u> | <u>1,497,038</u> |
| Total net assets without donor restrictions | <u>\$ 2,107,384</u> | <u>\$ 1,782,007</u> |

Note 5 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$207,701.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$54,073.

Magnolia Science Academy 5

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$106,299 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$35,656 in these financial statements.

Note 6 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 7 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 5

Magnolia Science Academy 5
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 5 (the Organization) (Charter Number 0987) was granted on January 23, 2018, by the Los Angeles County Office of Education for a five year period ending June 30, 2023. The Organization has been approved for grades six through twelve and operated one school, grades six through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Brad Plonka | Principal |

Magnolia Science Academy 5
Schedule of Average Daily Attendance
Year Ended June 30, 2020

| | Second Period Report 3EB819B2 | Annual Report A1FDDD1B |
|---------------------------|-------------------------------------|------------------------------|
| Regular ADA | | |
| Sixth | 49.49 | 49.49 |
| Seventh and eighth | 115.96 | 115.96 |
| Ninth through twelfth | <u>101.30</u> | <u>101.30</u> |
| Total Regular ADA | <u><u>266.75</u></u> | <u><u>266.75</u></u> |
| Classroom Based ADA | | |
| Sixth | 49.49 | 49.49 |
| Seventh and eighth | 115.96 | 115.96 |
| Ninth through twelfth | <u>101.30</u> | <u>101.30</u> |
| Total Classroom Based ADA | <u><u>266.75</u></u> | <u><u>266.75</u></u> |

Magnolia Science Academy 5

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 65,211 | 181 | N/A | Complied |
| Grade 7 | | 65,211 | 181 | N/A | Complied |
| Grade 8 | | 65,211 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 65,211 | 181 | N/A | Complied |
| Grade 10 | | 65,211 | 181 | N/A | Complied |
| Grade 11 | | 65,211 | 181 | N/A | Complied |
| Grade 12 | | 65,211 | 181 | N/A | Complied |

Magnolia Science Academy 5
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 2,067,563 |
| Decrease in | |
| Accounts payable | 47,213 |
| Increase in | |
| Accounts receivable | <u>(7,392)</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 2,107,384</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 5

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 5
Reseda, 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 Magnolia Science Academy 5 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 5
Reseda, California

Report on State Compliance

We have audited Magnolia Science Academy 5's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 5

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified No

Significant deficiencies identified not considered
to be material weaknesses Yes

Noncompliance material to financial statements noted? No

STATE COMPLIANCEType of auditor's report issued on compliance
for programs: Unmodified

Magnolia Science Academy 5

Financial Statement Findings

Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Organization.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable and accounts payable were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy 5

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy 5
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy 5
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements
June 30, 2020 and 2019

Magnolia Science Academy 6

Charter No. 0988



Magnolia Science Academy 6

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 30 |
| Financial Statement Findings | 31 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 34 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 6
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 6 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization’s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’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 Organization’s internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 6
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 2,024,300 | \$ 1,719,960 |
| Accounts receivable | 199,173 | 256,078 |
| Intercompany receivable | - | 8,002 |
| Prepaid expenses | 455 | 9,714 |
| Total current assets | 2,223,928 | 1,993,754 |
| Non-current assets | | |
| Property and equipment, net | 43,937 | 10,094 |
| Total assets | \$ 2,267,865 | \$ 2,003,848 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 223,027 | \$ 175,225 |
| Refundable advance | - | 12,223 |
| Refundable advance - Paycheck Protection Program (PPP) | 193,294 | - |
| Intracompany payable | - | 2,110 |
| Total liabilities | 416,321 | 189,558 |
| Net Assets | | |
| Without donor restrictions | 1,851,544 | 1,814,290 |
| Total liabilities and net assets | \$ 2,267,865 | \$ 2,003,848 |

Magnolia Science Academy 6

Statement of Activities

Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|---------------------|---------------------|
| Local Control Funding Formula | \$ 1,338,848 | \$ 1,496,543 |
| Federal revenue | 107,108 | 98,528 |
| Other state revenue | 274,441 | 321,358 |
| Local revenues | 51,055 | 5,441 |
| | <u>1,771,452</u> | <u>1,921,870</u> |
| Expenses | | |
| Program services | 1,192,690 | 1,242,398 |
| Management and general | 541,508 | 469,080 |
| | <u>1,734,198</u> | <u>1,711,478</u> |
| Change in Net Assets | <u>37,254</u> | <u>210,392</u> |
| Net Assets, Beginning of Year | <u>1,814,290</u> | <u>1,603,898</u> |
| Net Assets, End of Year | <u>\$ 1,851,544</u> | <u>\$ 1,814,290</u> |

Magnolia Science Academy 6
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 723,715 | \$ 150,107 | \$ 873,822 |
| Employee benefits | 116,160 | - | 116,160 |
| Payroll taxes | 194,640 | 36,470 | 231,110 |
| Fees for services | - | 133,551 | 133,551 |
| Advertising and promotions | - | 15,303 | 15,303 |
| Office expenses | 13,158 | 9,155 | 22,313 |
| Information technology | 18,905 | - | 18,905 |
| Occupancy | - | 133,094 | 133,094 |
| Travel | - | 719 | 719 |
| Depreciation | 3,343 | - | 3,343 |
| Insurance | - | 7,306 | 7,306 |
| Other expenses | 10,937 | 18,156 | 29,093 |
| Capital outlay | 8,282 | - | 8,282 |
| Special education | 47,628 | - | 47,628 |
| Instructional materials | 39,924 | - | 39,924 |
| Nutrition | 2,600 | - | 2,600 |
| District oversight fees | 13,398 | - | 13,398 |
| Management fees | - | 37,647 | 37,647 |
| Total functional expenses | \$ 1,192,690 | \$ 541,508 | \$ 1,734,198 |

Magnolia Science Academy 6
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 37,254 | \$ 210,392 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 3,343 | 17,896 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 56,905 | (93,594) |
| Intercompany receivable | 8,002 | (5,502) |
| Prepaid expenses | 9,259 | 5,170 |
| Accounts payable | 47,802 | 128,792 |
| Refundable advance | (12,223) | 12,223 |
| Refundable advance - PPP | 193,294 | - |
| Intercompany payable | (2,110) | 2,052 |
| Net Cash from Operating Activities | <u>341,526</u> | <u>277,429</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(37,186)</u> | <u>-</u> |
| Net Change in Cash | 304,340 | 277,429 |
| Cash, Beginning of Year | <u>1,719,960</u> | <u>1,442,531</u> |
| Cash, End of Year | <u>\$ 2,024,300</u> | <u>\$ 1,719,960</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 6**

Charter school number authorized by the State: 0988

Magnolia Science Academy-6 (the Organization) is a charter school located in Los Angeles, California that provides sixth through eighth grade education to approximately 134 students. The Organization was created under the approval of the Los Angeles Unified School District (ending June 30, 2024) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$193,294 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy 6Notes to Financial Statements
June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$193,294 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|--------------------------|-----------------------------|-----------------------------|
| Cash | \$ 2,024,300 | \$ 1,719,960 |
| Accounts receivable | 199,173 | 256,078 |
| Intercompany receivables | - | 8,002 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 2,223,473</u> | <u>\$ 1,984,040</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 6

Notes to Financial Statements
June 30, 2020 and 2019**Note 3 - Property and Equipment**

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| Computer and equipment | \$ 196,157 | \$ 148,877 |
| Work in progress | - | 10,094 |
| Total property and equipment | 196,157 | 158,971 |
| Less accumulated depreciation | (152,220) | (148,877) |
| Total | <u>\$ 43,937</u> | <u>\$ 10,094</u> |

Note 4 - Operating Lease

MSA 6 entered into a lease agreement with First Lutheran Church of Culver City and Palms, California in which the MSA 6 will occupy for its campus location. The term of this agreement expires on July 31, 2021. Lease expense for the fiscal year ending June 30, 2020 was \$104,500, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| Year Ending June 30, | Lease Payment |
|-------------------------|-------------------|
| 2021 | \$ 127,750 |
| 2022 | 10,750 |
| Total | <u>\$ 138,500</u> |

Note 5 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 5,256 | \$ - |
| Designated for state programs | 22,040 | 217,955 |
| Undesignated | 1,824,248 | 1,596,334 |
| Total net assets without donor restrictions | <u>\$ 1,851,544</u> | <u>\$ 1,814,289</u> |

Note 6 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$108,462.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$25,944.

Magnolia Science Academy 6

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$63,954 (10.328% of annual payroll).

Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$21,452 in these financial statements.

Note 7 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 8 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 6

Magnolia Science Academy 6
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 6 (the Organization) (Charter No. 0988) was granted on May 8, 2008, by Los Angeles Unified School District for a five year period ending June 30, 2024. The Organization operates one school, grades six through eight.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| John Terzi | Principal |

Magnolia Science Academy 6
Schedule of Average Daily Attendance
Year Ended June 30, 2020

| | Second Period Report E8F2AD43 | Annual Report 6A6BD1AF |
|---------------------------|-------------------------------------|------------------------------|
| Regular ADA | | |
| Sixth | 32.37 | 32.37 |
| Seventh and eighth | 94.95 | 94.95 |
| Total Regular ADA | <u>127.32</u> | <u>127.32</u> |
| Classroom Based ADA | | |
| Sixth | 32.37 | 32.37 |
| Seventh and eighth | 94.95 | 94.95 |
| Total Classroom Based ADA | <u>127.32</u> | <u>127.32</u> |

Magnolia Science Academy 6

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|--------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 60,724 | 181 | N/A | Complied |
| Grade 7 | | 60,724 | 181 | N/A | Complied |
| Grade 8 | | 60,724 | 181 | N/A | Complied |

Magnolia Science Academy 6

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 1,821,121 |
| Decrease in | |
| Accounts payable | 1,342 |
| Refundable advance | 7,706 |
| Increase in | |
| Accounts receivable | <u>21,375</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 1,851,544</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 6

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 6
Los Angeles, 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 Magnolia Science Academy 6 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 6
Los Angeles, California

Report on State Compliance

We have audited Magnolia Science Academy 6's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | Yes |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform procedures for the After/Before School Education and Safety Program because the Organization does not offer the program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 6

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified No

Significant deficiencies identified not considered
to be material weaknesses Yes

Noncompliance material to financial statements noted? No

STATE COMPLIANCEType of auditor's report issued on compliance
for programs: Unmodified

Magnolia Science Academy 6

Financial Statement Findings

Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Charter School.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable, refundable advance, and accounts payable were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy 6

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy 6
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy 6
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy 7

Charter No. 0989



Magnolia Science Academy 7

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 20 |
| Schedule of Average Daily Attendance..... | 21 |
| Schedule of Instructional Time..... | 22 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 23 |
| Note to Supplementary Information | 24 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26 |
| Independent Auditor’s Report on State Compliance | 28 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 31 |
| Financial Statement Findings | 32 |
| State Compliance Findings and Questioned Costs | 34 |
| Summary Schedule of Prior Audit Findings..... | 35 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy 7
Northridge, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 7 (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 7
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,632,981 | \$ 1,314,944 |
| Accounts receivable | 496,732 | 409,828 |
| Prepaid expenses | 1,742 | 23,786 |
| Total current assets | 2,131,455 | 1,748,558 |
| Non-current assets | | |
| Property and equipment, net | 504,930 | 168,098 |
| Total assets | \$ 2,636,385 | \$ 1,916,656 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 399,239 | \$ 359,411 |
| Refundable advance | - | 1,859 |
| Refundable advance - Paycheck Protection Program (PPP) | 358,254 | - |
| Intracompany payable | - | 12,746 |
| Total liabilities | 757,493 | 374,016 |
| Net Assets | | |
| Without donor restrictions | 1,878,892 | 1,542,640 |
| Total liabilities and net assets | \$ 2,636,385 | \$ 1,916,656 |

Magnolia Science Academy 7
Statement of Activities
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|----------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 2,953,282 | \$ 2,764,875 |
| Federal revenue | 171,913 | 314,706 |
| Other state revenue | 639,729 | 796,108 |
| Local revenues | 119,708 | 56,165 |
| Total support and revenues | <u>3,884,632</u> | <u>3,931,854</u> |
| Expenses | | |
| Program services | 2,124,147 | 2,246,312 |
| Management and general | 1,424,233 | 1,641,098 |
| Total expenses | <u>3,548,380</u> | <u>3,887,410</u> |
| Change in Net Assets | <u>336,252</u> | <u>44,444</u> |
| Net Assets, Beginning of Year | <u>1,542,640</u> | <u>1,498,196</u> |
| Net Assets, End of Year | <u><u>\$ 1,878,892</u></u> | <u><u>\$ 1,542,640</u></u> |

Magnolia Science Academy 7
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 1,208,041 | \$ 417,435 | \$ 1,625,476 |
| Employee benefits | 177,957 | - | 177,957 |
| Payroll taxes | 319,442 | 102,201 | 421,643 |
| Fees for services | - | 62,714 | 62,714 |
| Advertising and promotions | - | 4,187 | 4,187 |
| Office expenses | 7,919 | 25,180 | 33,099 |
| Information technology | 17,904 | - | 17,904 |
| Occupancy | - | 339,037 | 339,037 |
| Travel | - | 1,460 | 1,460 |
| Depreciation | 3,917 | - | 3,917 |
| Insurance | - | 23,400 | 23,400 |
| Other expenses | 192,495 | 18,356 | 210,851 |
| Capital outlay | 18,882 | - | 18,882 |
| Special education | 112,717 | - | 112,717 |
| Instructional materials | 31,754 | - | 31,754 |
| Nutrition | 3,442 | - | 3,442 |
| District oversight fees | 29,677 | - | 29,677 |
| Management fees | - | 430,263 | 430,263 |
| | <u>\$ 2,124,147</u> | <u>\$ 1,424,233</u> | <u>\$ 3,548,380</u> |
| Total functional expenses | <u>\$ 2,124,147</u> | <u>\$ 1,424,233</u> | <u>\$ 3,548,380</u> |

Magnolia Science Academy 7
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 336,252 | \$ 44,444 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 3,917 | - |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (86,904) | (91,587) |
| Prepaid expenses | 22,044 | (1,449) |
| Security deposits | - | 7,227 |
| Accounts payable | 39,829 | 82,304 |
| Refundable advance | (1,859) | 1,859 |
| Refundable advance - PPP | 358,254 | - |
| Intercompany payable | (12,746) | 2,167 |
| Net Cash from Operating Activities | <u>658,787</u> | <u>44,965</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(340,750)</u> | <u>-</u> |
| Net Change in Cash | 318,037 | 44,965 |
| Cash, Beginning of Year | <u>1,314,944</u> | <u>1,269,979</u> |
| Cash, End of Year | <u>\$ 1,632,981</u> | <u>\$ 1,314,944</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy 7**

Charter school number authorized by the State: 0989

Magnolia Science Academy 7 (the Organization) is a charter school located in Northridge, California that provides kindergarten through sixth grade education to approximately 291 students. The Organization was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles Unified School District approved the charter on February 26, 2008, and renewed the charter agreement in 2019 for a period of five years ending in 2024. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$358,254 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$358,254 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|---------------------|---------------------|---------------------|
| Cash | \$ 1,632,981 | \$ 1,314,944 |
| Accounts receivable | 496,732 | 409,828 |
| Total | <u>\$ 2,129,713</u> | <u>\$ 1,724,772</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| | MSA 7 | Consolidated |
| Building | \$ 492,294 | \$ 27,904 |
| Computer and equipment | 139,454 | 94,996 |
| Work in progress | - | 168,098 |
| | <u>631,748</u> | <u>290,998</u> |
| Total property and equipment | 631,748 | 290,998 |
| Less accumulated depreciation | <u>(126,818)</u> | <u>(122,900)</u> |
| Total | <u>\$ 504,930</u> | <u>\$ 168,098</u> |

Note 4 - Operating Lease

The Organization entered into a lease agreement with First Lutheran Church of Northridge in which the Organization will occupy for its campus location. The term of this agreement expires on June 30, 2022. Lease expense for the fiscal year ending June 30, 2020 was \$265,656, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| Year Ending June 30, | Lease Payment |
|-------------------------|-------------------|
| 2021 | \$ 273,624 |
| 2022 | <u>281,832</u> |
| Total | <u>\$ 555,456</u> |

Note 5 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 41,766 | \$ - |
| Designated for state programs | 80,388 | 721,439 |
| Undesignated | <u>5,179,961</u> | <u>4,140,719</u> |
| Total net assets without donor restrictions | <u>\$ 5,302,115</u> | <u>\$ 4,862,158</u> |

Note 6 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$192,450.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy 7

Notes to Financial Statements
June 30, 2020 and 2019**Benefits Provided**

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$72,046.

Magnolia Science Academy 7

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$100,526 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$33,720 in these financial statements.

Note 7 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 8 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy 7

Magnolia Science Academy 7
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy 7 (the Organization) (Charter No. 0989) was granted on February 26, 2008, by Los Angeles Unified School District for a five year period ending June 30, 2024. The Organization operates one school, grades kindergarten through five.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Meagan Wittek | Principal |

Magnolia Science Academy 7
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

| | Second Period Report CF34B7A2 | Annual Report 26A46A86 |
|---|-------------------------------------|------------------------------|
| Regular ADA | | |
| Transitional kindergarten through third | 220.97 | 220.97 |
| Fourth through Fifth | 55.87 | 55.87 |
| Total Regular ADA | 276.84 | 276.84 |
| Classroom Based ADA | | |
| Transitional kindergarten through third | 220.97 | 220.97 |
| Fourth through Fifth | 55.87 | 55.87 |
| Total Classroom Based ADA | 276.84 | 276.84 |

Magnolia Science Academy 7

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|--------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 36,000 | 57,040 | 181 | N/A | Complied |
| Grades 1 - 3 | 50,400 | | | | |
| Grade 1 | | 57,040 | 181 | N/A | Complied |
| Grade 2 | | 57,040 | 181 | N/A | Complied |
| Grade 3 | | 57,040 | 181 | N/A | Complied |
| Grades 4 - 5 | 54,000 | | | | |
| Grade 4 | | 57,040 | 181 | N/A | Complied |
| Grade 5 | | 57,040 | 181 | N/A | Complied |

Magnolia Science Academy 7
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 1,788,847 |
| Decrease in | |
| Accounts payable | 40,945 |
| Increase in | |
| Accounts receivable | <u>49,100</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 1,878,892</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy 7

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy 7
Northridge, 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 Magnolia Science Academy 7 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy 7
Northridge, California

Report on State Compliance

We have audited Magnolia Science Academy 7's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | Yes |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy 7

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy 7

Financial Statement Findings

Year Ended June 30, 2020

The following finding represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 30000 | Internal Control |
| 2020-001 | Code 30000 | |

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Organization.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable and accounts payable were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy 7

Financial Statement Findings

Year Ended June 30, 2020

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Science Academy 7
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy 7
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy Bell Charter No. 1236



Magnolia Science Academy Bell

Table of Contents

June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 19 |
| Schedule of Average Daily Attendance..... | 20 |
| Schedule of Instructional Time..... | 21 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 22 |
| Note to Supplementary Information | 23 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 |
| Independent Auditor’s Report on State Compliance | 27 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 30 |
| Financial Statement Findings | 31 |
| State Compliance Findings and Questioned Costs | 32 |
| Summary Schedule of Prior Audit Findings..... | 33 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy Bell
Bell, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Bell (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy Bell
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 3,014,092 | \$ 2,529,656 |
| Accounts receivable | 679,993 | 536,075 |
| Intercompany receivable | 2,248,498 | 1,811,055 |
| Prepaid expenses | 1,061 | 233 |
| Total current assets | 5,943,644 | 4,877,019 |
| Non-current assets | | |
| Property and equipment, net | 77,038 | 100,297 |
| Total assets | \$ 6,020,682 | \$ 4,977,316 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 656,545 | \$ 721,285 |
| Refundable advance | - | 20,038 |
| Refundable advance - Paycheck Protection Program (PPP) | 576,190 | - |
| Intracompany payable | - | 434 |
| Total liabilities | 1,232,735 | 741,757 |
| Net Assets | | |
| Without donor restrictions | 4,787,947 | 4,235,559 |
| Total liabilities and net assets | \$ 6,020,682 | \$ 4,977,316 |

Magnolia Science Academy Bell

Statement of Activities

Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|----------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 4,878,258 | \$ 4,646,128 |
| Federal revenue | 345,797 | 334,005 |
| Other state revenue | 790,683 | 750,585 |
| Local revenues | 4,958 | 31,869 |
| Total support and revenues | <u>6,019,696</u> | <u>5,762,587</u> |
| Expenses | | |
| Program services | 3,280,088 | 3,331,289 |
| Management and general | <u>2,187,220</u> | <u>2,279,456</u> |
| Total expenses | <u>5,467,308</u> | <u>5,610,745</u> |
| Change in Net Assets | <u>552,388</u> | <u>151,842</u> |
| Net Assets, Beginning of Year | <u>4,235,559</u> | <u>4,083,717</u> |
| Net Assets, End of Year | <u><u>\$ 4,787,947</u></u> | <u><u>\$ 4,235,559</u></u> |

Magnolia Science Academy Bell
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 1,961,718 | \$ 616,274 | \$ 2,577,992 |
| Employee benefits | 283,230 | 8,029 | 291,259 |
| Payroll taxes | 518,223 | 148,743 | 666,966 |
| Fees for services | - | 12,942 | 12,942 |
| Advertising and promotions | - | 4,974 | 4,974 |
| Office expenses | 43,288 | 28,168 | 71,456 |
| Information technology | 10,208 | - | 10,208 |
| Occupancy | - | 420,273 | 420,273 |
| Travel | - | 30 | 30 |
| Conferences and meeting | - | 1,400 | 1,400 |
| Depreciation | 63,360 | - | 63,360 |
| Insurance | - | 26,507 | 26,507 |
| Other expenses | 24,647 | 59,355 | 84,002 |
| Capital outlay | 42,242 | - | 42,242 |
| Special education | 115,462 | - | 115,462 |
| Instructional materials | 98,618 | - | 98,618 |
| Nutrition | 70,160 | - | 70,160 |
| District oversight fees | 48,932 | - | 48,932 |
| Management fees | - | 860,525 | 860,525 |
| | <u>\$ 3,280,088</u> | <u>\$ 2,187,220</u> | <u>\$ 5,467,308</u> |
| Total functional expenses | <u>\$ 3,280,088</u> | <u>\$ 2,187,220</u> | <u>\$ 5,467,308</u> |

Magnolia Science Academy Bell
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 552,388 | \$ 151,842 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 63,360 | 65,910 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (143,918) | (150,671) |
| Intercompany receivable | (437,443) | (88,139) |
| Prepaid expenses | (828) | 79,747 |
| Accounts payable | (64,741) | 576,563 |
| Refundable advance | (20,038) | 20,038 |
| Refundable advance - PPP | 576,190 | - |
| Intercompany payable | (434) | - |
| Net Cash from Operating Activities | <u>524,536</u> | <u>655,290</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(40,100)</u> | <u>(33,068)</u> |
| Net Change in Cash | 484,436 | 622,222 |
| Cash, Beginning of Year | <u>2,529,656</u> | <u>1,907,434</u> |
| Cash, End of Year | <u>\$ 3,014,092</u> | <u>\$ 2,529,656</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy Bell**

Charter school number authorized by the State: 1236

Magnolia Science Academy-8 (The Organization) is a charter school located in Bell, California that provides sixth through eighth grade education to approximately 482 students. The Organization was created under the approval of the Los Angeles Unified School District (ending June 30, 2025) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$576,190 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$576,190 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, Revenue from Contract with Customers, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,014,092 | \$ 2,529,656 |
| Accounts receivable | 679,993 | 536,075 |
| Intercompany receivable | 2,248,498 | 1,811,055 |
| | <u>5,942,583</u> | <u>4,876,786</u> |
| Total | <u>\$ 5,942,583</u> | <u>\$ 4,876,786</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|------------------|-------------------|
| Computer and equipment | \$ 393,497 | \$ 340,633 |
| Work in progress | - | 12,764 |
| Total property and equipment | 393,497 | 353,397 |
| Less accumulated depreciation | (316,459) | (253,100) |
| Total | <u>\$ 77,038</u> | <u>\$ 100,297</u> |

Note 4 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for state programs | \$ 43,995 | \$ - |
| Undesignated | 4,743,952 | 4,235,561 |
| Total net assets without donor restrictions | <u>\$ 4,787,947</u> | <u>\$ 4,235,561</u> |

Note 5 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$310,622.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$105,931.

Magnolia Science Academy Bell

Notes to Financial Statements

June 30, 2020 and 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$153,134 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$51,366 in these financial statements.

Note 6 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 7 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy Bell

Magnolia Science Academy Bell
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy Bell (the Organization) (Charter Number 1236) was granted on June 15, 2010, by the Los Angeles Unified School District for a five year period ending June 30, 2025. The Organization operates one school, grades six through eight.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Jason Hernandez | Principal |

Magnolia Science Academy Bell
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

| | Second Period Report B819AC5D | Annual Report EC593598 |
|---------------------------|-------------------------------------|------------------------------|
| Regular ADA | | |
| Sixth | 123.05 | 123.05 |
| Seventh and eighth | 338.42 | 338.42 |
| Total Regular ADA | 461.47 | 461.47 |
| Classroom Based ADA | | |
| Sixth | 123.05 | 123.05 |
| Seventh and eighth | 338.42 | 338.42 |
| Total Classroom Based ADA | 461.47 | 461.47 |

Magnolia Science Academy Bell

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|--------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 62,325 | 181 | N/A | Complied |
| Grade 7 | | 62,325 | 181 | N/A | Complied |
| Grade 8 | | 62,325 | 181 | N/A | Complied |

Magnolia Science Academy Bell
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|----------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 4,748,827 |
| Decrease in | |
| Accounts payable | 46,803 |
| Increase in | |
| Accounts payable | <u>(7,683)</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 4,787,947</u></u> |

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy Bell

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy Bell
Bell, 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 Magnolia Science Academy Bell (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy Bell
Bell, California

Report on State Compliance

We have audited Magnolia Science Academy Bell's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy Bell

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy Bell
Financial Statement Findings
Year Ended June 30, 2020

None report.

Magnolia Science Academy Bell
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy Bell
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy Santa Ana Charter No. 1686



Magnolia Science Academy Santa Ana

Table of Contents
June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 20 |
| Schedule of Average Daily Attendance..... | 21 |
| Schedule of Instructional Time..... | 22 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 23 |
| Note to Supplementary Information | 24 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26 |
| Independent Auditor’s Report on State Compliance | 28 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 31 |
| Financial Statement Findings | 32 |
| State Compliance Findings and Questioned Costs | 33 |
| Summary Schedule of Prior Audit Findings..... | 34 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy Santa Ana
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Santa Ana (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy Santa Ana
Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,509,874 | \$ 882,408 |
| Accounts receivable | 575,383 | 217,899 |
| Intercompany receivable | - | 618,358 |
| Prepaid expenses | 3,106 | 635 |
| Total current assets | 3,088,363 | 1,719,300 |
| Non-current assets | | |
| Capital contribution | 75,554 | 75,554 |
| Property and equipment, net | 20,467,997 | 20,970,579 |
| Total non-current assets | 20,543,551 | 21,046,133 |
| Total assets | \$ 23,631,914 | \$ 22,765,433 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 1,730,927 | \$ 413,791 |
| Refundable advance | - | 664 |
| Refundable advance - Paycheck Protection Program (PPP) | 751,656 | - |
| Intracompany payable | 1,405,810 | 2,375,621 |
| Current portion of notes payable | 99,583 | 94,583 |
| Current portion of revolving loan | 232,597 | 228,013 |
| Total current liabilities | 4,220,573 | 3,112,672 |
| Long-term liabilities | | |
| Notes payable, less current portion | 3,986,805 | 4,086,805 |
| Revolving loan, less current portion | 7,805,977 | 8,037,440 |
| Total long-term liabilities | 11,792,782 | 12,124,245 |
| Total liabilities | 16,013,355 | 15,236,917 |
| Net Assets | | |
| Without donor restrictions | 7,618,559 | 7,528,516 |
| Total liabilities and net assets | \$ 23,631,914 | \$ 22,765,433 |

Magnolia Science Academy Santa Ana
Statement of Activities
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|----------------------------|----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 6,056,968 | \$ 6,767,105 |
| Federal revenue | 571,325 | 415,188 |
| Other state revenue | 758,855 | 981,462 |
| Local revenues | 107,674 | 74,339 |
| Total support and revenues | <u>7,494,822</u> | <u>8,238,094</u> |
| Expenses | | |
| Program services | 4,940,362 | 5,241,445 |
| Management and general | 2,464,417 | 2,970,426 |
| Total expenses | <u>7,404,779</u> | <u>8,211,871</u> |
| Change in Net Assets | <u>90,043</u> | <u>26,223</u> |
| Net Assets, Beginning of Year | <u>7,528,516</u> | <u>7,502,293</u> |
| Net Assets, End of Year | <u><u>\$ 7,618,559</u></u> | <u><u>\$ 7,528,516</u></u> |

Magnolia Science Academy Santa Ana
Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 2,761,595 | \$ 794,350 | \$ 3,555,945 |
| Employee benefits | 502,895 | 2,679 | 505,574 |
| Payroll taxes | 610,063 | 190,842 | 800,905 |
| Fees for services | - | 10,087 | 10,087 |
| Advertising and promotions | - | 2,899 | 2,899 |
| Office expenses | 39,511 | 8,504 | 48,015 |
| Information technology | 19,000 | - | 19,000 |
| Occupancy | - | 155,610 | 155,610 |
| Travel | - | 467 | 467 |
| Interest | - | 582,787 | 582,787 |
| Depreciation | 583,197 | - | 583,197 |
| Insurance | - | 33,717 | 33,717 |
| Other expenses | 78,659 | 96,949 | 175,608 |
| Capital outlay | 38,605 | - | 38,605 |
| Special education | 198,821 | - | 198,821 |
| Instructional materials | 45,764 | - | 45,764 |
| Nutrition | 2,789 | - | 2,789 |
| District oversight fees | 59,463 | - | 59,463 |
| Management fees | - | 585,526 | 585,526 |
| | <u>\$ 4,940,362</u> | <u>\$ 2,464,417</u> | <u>\$ 7,404,779</u> |
| Total functional expenses | <u>\$ 4,940,362</u> | <u>\$ 2,464,417</u> | <u>\$ 7,404,779</u> |

Magnolia Science Academy Santa Ana
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 90,043 | \$ 26,223 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 583,197 | 560,847 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (357,484) | 799,588 |
| Intercompany receivable | 618,358 | (583,928) |
| Prepaid expenses | (2,471) | 231 |
| Security deposits | - | 19,890 |
| Accounts payable | 1,317,137 | (537,678) |
| Deferred revenue | (664) | 664 |
| Refundable advance - PPP | 751,656 | - |
| Intercompany payable | (969,811) | 193,734 |
| Net Cash from Operating Activities | <u>2,029,961</u> | <u>479,571</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(80,616)</u> | <u>-</u> |
| Net Change in Cash and Cash Equivalents | 1,627,466 | 173,550 |
| Cash and Cash Equivalents, Beginning of Year | <u>882,408</u> | <u>708,858</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 2,509,874</u> | <u>\$ 882,408</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ 582,787</u> | <u>\$ 582,787</u> |

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy Santa Ana**

Charter school number authorized by the State: 1686

Magnolia Science Academy Santa Ana (the Organization), formerly Pacific Technology School Santa Ana, is a charter school located in Santa Ana, California that provides transitional kindergarten through twelfth grade education to approximately 546 students. The Organization was created under the approval of the California State Board of Education, and receives public per-pupil funding to help support their operation. MSA Santa Ana is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Organization's Charter School Management Organization (CMO) that manages the Organization's non-academic operations such as financial, general administration, and human resource management. The Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

MPM Santa Ana, LLC

The Organization formed the MPM Santa Ana, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. MSA Santa Ana makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Santa Ana Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Capital Contribution

MSA Santa Ana invested \$75,554 in a capital contribution to the MPM Santa Ana, LLC as an investment for the building improvement located at 2840 West 1st Street in the city of Santa Ana, CA 92703 for its campus location.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$751,656 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$751,656 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|---------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 2,509,874 | \$ 882,408 |
| Accounts receivable | 575,383 | 217,899 |
| Intercompany receivable | - | 618,358 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 3,085,257</u> | <u>\$ 1,718,665</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|-----------------------------|-----------------------------|
| Building | \$ 22,352,893 | \$ 22,157,822 |
| Computer and equipment | 350,261 | 269,645 |
| Work in progress | - | 195,071 |
| | <u> </u> | <u> </u> |
| Total property and equipment | 22,703,154 | 22,622,538 |
| Less accumulated depreciation | <u>(2,235,157)</u> | <u>(1,651,959)</u> |
| Total | <u>\$ 20,467,997</u> | <u>\$ 20,970,579</u> |

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2020:

Note payable, due in monthly installments of \$42,708, principal and interest at 10%, collateralized by the Magnolia Science Academy Santa Ana school facility with a carrying value of \$11,389,575; maturing July 1, 2044.

\$ 4,086,388

Future maturities of notes payable are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|---------------------------------|---------------------|
| 2021 | \$ 99,583 |
| 2022 | 104,583 |
| 2023 | 109,583 |
| 2024 | 114,583 |
| 2025 | 119,583 |
| Thereafter | <u>3,538,473</u> |
| Total | <u>\$ 4,086,388</u> |

Note 5 - Revolving Loan

MSA Santa Ana has been approved by the State of California's Charter School Facilities Program (CCSFP) for \$17,413,956 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$17,413,956; the State will fund 50 percent of the total project cost through a loan in the amount of \$8,706,990 and the other 50 percent through a grant in the amount of \$8,706,978. The loan has an annual interest rate of 3.00 percent and it matures 30 years after the completion of the project.

The future minimum payments are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|---------------------------------|---------------------|
| 2021 | \$ 232,597 |
| 2022 | 237,272 |
| 2023 | 242,040 |
| 2024 | 246,906 |
| 2025 | 251,869 |
| Thereafter | <u>6,827,890</u> |
| Total | <u>\$ 8,038,574</u> |

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 206,008 | \$ - |
| Designated for state programs | 157,707 | 272,871 |
| Undesignated | 7,254,844 | 7,255,639 |
| | <u>7,618,559</u> | <u>7,528,510</u> |
| Total net assets without donor restrictions | <u>\$ 7,618,559</u> | <u>\$ 7,528,510</u> |

Note 7 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$546,719.

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Magnolia Science Academy Santa Ana

Notes to Financial Statements

June 30, 2020 and 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$133,686.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$86,229 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$28,924 in these financial statements.

Note 8 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 9 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy Santa Ana

Magnolia Science Academy Santa Ana
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy Santa Ana (the Organization) (Charter No. 1686) was granted on August 1, 2014, by State Board of Education for the five year period ending June 30, 2024. The Organization operates one school, grades kindergarten through twelve.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Steven Keskindurk | Principal |

Magnolia Science Academy Santa Ana
Schedule of Average Daily Attendance
Year Ended June 30, 2020

| | <u>Second Period Report 5861EFEB</u> | <u>Annual Report 8A5BB2AA</u> |
|---|--|---------------------------------------|
| Regular ADA | | |
| Transitional kindergarten through third | 161.64 | 161.64 |
| Fourth through sixth | 140.97 | 140.97 |
| Seventh and eighth | 94.55 | 94.55 |
| Ninth through twelfth | <u>129.35</u> | <u>129.35</u> |
| Total Regular ADA | <u><u>526.51</u></u> | <u><u>526.51</u></u> |
| Classroom Based ADA | | |
| Transitional kindergarten through third | 161.64 | 161.64 |
| Fourth through sixth | 140.97 | 140.97 |
| Seventh and eighth | 94.55 | 94.55 |
| Ninth through twelfth | <u>129.35</u> | <u>129.35</u> |
| Total Classroom Based ADA | <u><u>526.51</u></u> | <u><u>526.51</u></u> |

Magnolia Science Academy Santa Ana
Schedule of Instructional Time
Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | MSA Santa Ana (K-12) | | | Status |
|---------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | 2019-2020 Actual Minutes | Number of Days | | |
| | | | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 36,000 | 40,685 | 181 | N/A | Complied |
| Grades 1 - 3 | 50,400 | | | | |
| Grade 1 | | 54,860 | 181 | N/A | Complied |
| Grade 2 | | 54,860 | 181 | N/A | Complied |
| Grade 3 | | 54,940 | 181 | N/A | Complied |
| Grades 4 - 8 | 54,000 | | | | |
| Grade 4 | | 54,940 | 181 | N/A | Complied |
| Grade 5 | | 54,940 | 181 | N/A | Complied |
| Grade 6 | | 54,940 | 181 | N/A | Complied |
| Grade 7 | | 65,212 | 181 | N/A | Complied |
| Grade 8 | | 65,212 | 181 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 65,212 | 181 | N/A | Complied |
| Grade 10 | | 65,212 | 181 | N/A | Complied |
| Grade 11 | | 65,212 | 181 | N/A | Complied |
| Grade 12 | | 65,212 | 181 | N/A | Complied |

Magnolia Science Academy Santa Ana
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|---------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 7,542,333 |
| Decrease in | |
| Accounts payable | <u>76,226</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u>\$ 7,618,559</u> |

Magnolia Science Academy Santa AnaNote to Supplementary Information
June 30, 2020 and 2019

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 58 days due to the pandemic. As a result, the Organization received credit for these 58 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy Santa Ana

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy Santa Ana
Santa Ana, 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 Magnolia Science Academy Santa Ana (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy Santa Ana
Santa Ana, California

Report on State Compliance

We have audited Magnolia Science Academy Santa Ana's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | No, see below |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because the Organization did not receive funding for this program.

We did not perform procedures for the After/Before School Education and Safety Program because the Organization does not offer the program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy Santa Ana

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

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

Magnolia Science Academy Santa Ana
Financial Statement Findings
Year Ended June 30, 2020

None reported.

Magnolia Science Academy Santa Ana
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

None report.

Magnolia Science Academy Santa Ana
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

2019-001 Code 30000

Criteria or Specific Requirements

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting of accrual basis accounting under the requirements of the Financial Accounting Standards Board (FASB). It also includes the ability to prepare the required footnote disclosures by FASB.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries and footnotes.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to depreciation expense was not recorded and accounted for due to not having a control system in place.

Effect

The auditor proposed certain accrual closing entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles to address the year end adjustment.

Cause

The timing of the accrual was during a transition period for new management company making it difficult to implement this level of internal control to monitor year end accruals.

Magnolia Science Academy Santa Ana
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Recommendation

Management and those charged with governance should implement a control system which allows for the monitoring of accruals and the related disclosure and consider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Repeat Finding (Yes or No)

No

Current status

Implemented.

Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy San Diego Charter No. 0698



Magnolia Science Academy San Diego

Table of Contents

June 30, 2020 and 2019

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |
| Supplementary Information | |
| Local Education Agency Organization Structure | 20 |
| Schedule of Average Daily Attendance..... | 21 |
| Schedule of Instructional Time..... | 22 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 23 |
| Note to Supplementary Information | 24 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26 |
| Independent Auditor’s Report on State Compliance | 28 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results | 32 |
| Financial Statement Findings | 33 |
| State Compliance Findings and Questioned Costs | 34 |
| Summary Schedule of Prior Audit Findings..... | 36 |

Independent Auditor's Report

Governing Board
Magnolia Science Academy San Diego
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy San Diego (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy San Diego

Statement of Financial Position

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,269,671 | \$ 235,322 |
| Accounts receivable | 523,286 | 133,499 |
| Intercompany receivable | 10 | 116,401 |
| Prepaid expenses | - | 291 |
| Total current assets | <u>1,792,967</u> | <u>485,513</u> |
| Non-current assets | | |
| Capital contribution | 198,191 | 198,191 |
| Restricted cash | - | 106,607 |
| Property and equipment, net | <u>289,648</u> | <u>279,674</u> |
| Total assets | <u>\$ 2,280,806</u> | <u>\$ 1,069,985</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 533,441 | \$ 351,751 |
| Refundable advance - Paycheck Protection Program (PPP) | 418,151 | - |
| Intracompany payable | <u>886,011</u> | <u>223,766</u> |
| Total current liabilities | <u>1,837,603</u> | <u>575,517</u> |
| Long-term liabilities | | |
| Revolving loan, less current portion | <u>151,806</u> | <u>151,806</u> |
| Total liabilities | <u>1,989,409</u> | <u>727,323</u> |
| Net Assets | | |
| Without donor restrictions | <u>291,397</u> | <u>342,662</u> |
| Total liabilities and net assets | <u>\$ 2,280,806</u> | <u>\$ 1,069,985</u> |

Magnolia Science Academy San Diego

Statement of Activities

Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 3,564,024 | \$ 2,946,503 |
| Federal revenue | 117,611 | 107,361 |
| Other state revenue | 576,753 | 544,317 |
| Local revenues | 128,973 | 93,070 |
| Total support and revenues | <u>4,387,361</u> | <u>3,691,251</u> |
| Expenses | | |
| Program services | 2,763,459 | 2,704,238 |
| Management and general | 1,675,167 | 1,797,437 |
| Total expenses | <u>4,438,626</u> | <u>4,501,675</u> |
| Change in Net Assets | <u>(51,265)</u> | <u>(810,424)</u> |
| Net Assets, Beginning of Year | <u>342,662</u> | <u>1,153,086</u> |
| Net Assets, End of Year | <u>\$ 291,397</u> | <u>\$ 342,662</u> |

Magnolia Science Academy San Diego

Statement of Functional Expenses

Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 1,633,161 | \$ 402,126 | \$ 2,035,287 |
| Employee benefits | 276,228 | 19,827 | 296,055 |
| Payroll taxes | 451,638 | 72,998 | 524,636 |
| Fees for services | 11,726 | 67,382 | 79,108 |
| Advertising and promotions | - | 11,711 | 11,711 |
| Office expenses | 11,298 | 53,143 | 64,441 |
| Information technology | 14,303 | - | 14,303 |
| Occupancy | - | 801,585 | 801,585 |
| Travel | - | 4,214 | 4,214 |
| Depreciation | 14,699 | - | 14,699 |
| Insurance | - | 25,044 | 25,044 |
| Other expenses | 114,177 | 22,136 | 136,313 |
| Capital outlay | 23,620 | - | 23,620 |
| Special education | 165,744 | - | 165,744 |
| Instructional materials | 10,132 | - | 10,132 |
| Nutrition | 4,713 | - | 4,713 |
| District oversight fees | 32,020 | - | 32,020 |
| Management fees | - | 195,001 | 195,001 |
| | <u>\$ 2,763,459</u> | <u>\$ 1,675,167</u> | <u>\$ 4,438,626</u> |
| Total functional expenses | <u>\$ 2,763,459</u> | <u>\$ 1,675,167</u> | <u>\$ 4,438,626</u> |

Magnolia Science Academy San Diego

Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (51,265) | \$ (810,424) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 14,699 | 15,216 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (389,787) | 138,446 |
| Intercompany receivable | 116,391 | (116,401) |
| Prepaid expenses | 291 | 128,228 |
| Accounts payable | 181,691 | 214,345 |
| Refundable advance - PPP | 418,151 | - |
| Intercompany payable | 662,245 | 8,128 |
| Net Cash from Operating Activities | <u>952,416</u> | <u>(422,462)</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(24,674)</u> | <u>-</u> |
| Net Change in Cash, Cash Equivalents, and Restricted Cash | 927,742 | (422,462) |
| Cash, Cash Equivalents, and Restricted Cash, Beginning of Year | <u>341,929</u> | <u>764,391</u> |
| Cash, Cash Equivalents, and Restricted Cash, End of Year | <u>\$ 1,269,671</u> | <u>\$ 341,929</u> |
| Cash and cash equivalents | 1,269,671 | 235,322 |
| Cash restricted to 2014 and 2017 Bond Reserve Fund | <u>-</u> | <u>106,607</u> |
| Total Cash, Cash Equivalents, and Restricted Cash | <u>\$ 1,269,671</u> | <u>\$ 341,929</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ -</u> | <u>\$ -</u> |

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies**Organization****Magnolia Science Academy San Diego**

Charter school number authorized by the State: 0698

Magnolia Science Academy San Diego (MSA San Diego), formerly Momentum Middle Charter School, is a charter school located in San Diego, California that provides educational activities for students in grades sixth through ninth serving approximately 404 students. The Organization offers a rich academic program with elective classes, tutoring, and after school clubs. It was the most improved middle school according to all API scores in the year 2007. The Organization was created under the approval of the San Diego Unified School District (SDUSD) and the California State Board of Education and receives public per-pupil funding to help support their operation. The Organization is economically dependent on Federal and State funding.

Other Related Entity**Magnolia Educational and Research Foundation**

The Organization is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as Organization's Charter School Management Organization (CMO) that manages Organization's nonacademic operation such as financial, general administration, and human resource management. Organization's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

MPM San Diego, LLC

The Organization formed the MPM San Diego, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA San Diego makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA San Diego Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state funds.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all cash including cash in County Investment Pool and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for bond reserve funds or other long-term purposes are excluded from this definition.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Capital Contributions

MSA San Diego invested \$198,191 in a capital contribution to the MPM San Diego. LLC as an investment for the building improvement located at 6525 Estrella Avenue in the city of San Diego, CA 92120 for its campus location.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization was granted a \$418,151 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$418,151 in loan.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and supportive of the Organization's mission.

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|---------------------------|---------------------|-------------------|
| Cash and cash equivalents | \$ 1,269,671 | \$ 235,322 |
| Accounts receivable | 523,286 | 133,499 |
| Intercompany receivable | 10 | 116,401 |
| | <u>10</u> | <u>116,401</u> |
| Total | <u>\$ 1,792,967</u> | <u>\$ 485,222</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| Computer and equipment | \$ 692,124 | \$ 410,868 |
| Work in progress | - | 256,582 |
| | <u>692,124</u> | <u>667,450</u> |
| Total property and equipment | 692,124 | 667,450 |
| Less accumulated depreciation | <u>(402,476)</u> | <u>(387,776)</u> |
| Total | <u>\$ 289,648</u> | <u>\$ 279,674</u> |

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Revolving Loan

The Organization has been approved by the State of California's Charter School Facilities Program (CCSFP) for \$3,036,122 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$3,036,122; the State will fund 50 percent of the total project cost through a loan in the amount of \$1,518,061 and the other 50 percent through a grant in the amount of \$1,518,061. The loan has an annual interest rate of 2.00 percent and it matures 30 years after the completion of the project, which is estimated to be in the middle of calendar year 2021. The repayment schedule will be determined after completion of the project. The State Controller's Office will deduct the loan payments from MSA SD's State School Fund Apportionments. The outstanding loan balance as of June 30, 2020, was \$151,806.

Note 5 - Operating Leases

MSA San Diego entered into a lease agreement with MPM San Diego, LLC in which the MSA San Diego will occupy for its campus location. The term of this agreement expires on July 1, 2044. Lease expense for the fiscal year ending June 30, 2020 was \$476,172, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 476,397 |
| 2022 | 478,130 |
| 2023 | 481,275 |
| 2024 | 482,139 |
| 2025 | 486,216 |
| Thereafter | <u>9,794,929</u> |
| Total | <u>\$ 12,199,086</u> |

MSA San Diego renewed a Facilities Use Agreement with SDUSD for the sole purpose of operating the Charter School education programs and related Charter Schools activities. The terms of this agreement expires on June 30, 2020 and include rental fees that shall be paid on the first of every month. Lease expense for the fiscal year ending June 30, 2020 was \$240,000, which is included in occupancy in the statement of functional expenses.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 9,573 | \$ - |
| Designated for state programs | 21,336 | 237,447 |
| Undesignated | 260,488 | 105,213 |
| | <u>\$ 291,397</u> | <u>\$ 342,660</u> |

Note 7 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$279,549.

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Magnolia Science Academy San Diego

Notes to Financial Statements

June 30, 2020 and 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$50,756.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$13,7262 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$46,042 in these financial statements.

Note 8 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 9 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information

June 30, 2020

Magnolia Science Academy San Diego

Magnolia Science Academy San Diego
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

Magnolia Science Academy San Diego (the Organization) (Charter Number 0698) was granted on July 1, 2005, by the San Diego Unified School District for a five year period ending June 30, 2024. The Organization operates one school, grades six through eight.

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |
| Gokhan Serce | Principal |

Magnolia Science Academy San Diego
Schedule of Average Daily Attendance
Year Ended June 30, 2020

| | Second Period Report 295A862B | Annual Report 02673638 |
|---------------------------|-------------------------------------|------------------------------|
| Regular ADA | | |
| Sixth | 133.73 | 133.73 |
| Seventh and eighth | 286.13 | 286.13 |
| Total Regular ADA | <u>419.86</u> | <u>419.86</u> |
| Classroom Based ADA | | |
| Sixth | 133.73 | 133.73 |
| Seventh and eighth | 286.13 | 286.13 |
| Total Classroom Based ADA | <u>419.86</u> | <u>419.86</u> |

Magnolia Science Academy San Diego

Schedule of Instructional Time

Year Ended June 30, 2020

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days | | Status |
|--------------|-------------------------------------|--------------------------------|-------------------------|------------------------|----------|
| | | | Traditional Calendar | Multitrack Calendar | |
| Grades 6 - 8 | 54,000 | | | | |
| Grade 6 | | 60,710 | 181 | N/A | Complied |
| Grade 7 | | 60,710 | 181 | N/A | Complied |
| Grade 8 | | 60,710 | 181 | N/A | Complied |

Magnolia Science Academy San Diego
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

| | |
|--|--------------------------|
| Net Assets | |
| Balance, June 30, 2020, Unaudited Actuals | \$ 300,163 |
| Increase in | |
| Accounts payable | <u>(8,766)</u> |
| Balance, June 30, 2020, Audited Financial Statements | <u><u>\$ 291,397</u></u> |

Magnolia Science Academy San DiegoNote to Supplementary Information
June 30, 2020 and 2019

Note 1 - Purpose of Supplementary Schedules**Local Education Agency Organization Structure**

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, the Organization filed the COVID-19 School Closure Certification certifying that schools were closed for 54 days due to the pandemic. As a result, the Organization received credit for these 54 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Independent Auditor's Reports

June 30, 2020

Magnolia Science Academy San Diego

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Science Academy San Diego
San Diego, 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 Magnolia Science Academy San Diego (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on State Compliance

Governing Board
Magnolia Science Academy San Diego
San Diego, California

Report on State Compliance

We have audited Magnolia Science Academy San Diego's (the Organization) 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* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratio of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | No, see below |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform procedures for the After/Before School Education and Safety Program because the Organization does not offer the program.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Basis for Qualified Opinion on After School Education and Safety Program

As described in the accompanying Schedule of State Compliance Findings and Questioned Costs, the Organization did not comply with requirements regarding *After School Education and Safety Program* as item 2020-001. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements referred to above.

Qualified Opinion on After School Education and Safety Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Template Binders complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

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

Unmodified Opinion on Each of the Other Programs

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

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

Rancho Cucamonga, California
_____, 2021

Magnolia Science Academy San Diego

Summary of Auditor's Results

Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted? | No |

STATE COMPLIANCE

| | |
|--|--------------|
| Type of auditor's report issued on compliance for programs: | Unmodified * |
|--|--------------|

Unmodified for all programs except for the following
program which was qualified:

Name of Program

* After School Education and Safety Program

Magnolia Science Academy San Diego
Financial Statement Findings
Year Ended June 30, 2020

None report.

Magnolia Science Academy San Diego
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

The following finding represent an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

| | Five Digit Code | AB 3627 Finding Type |
|----------|-----------------|----------------------|
| | 40000 | State Compliance |
| 2020-001 | Code 40000 | |

Criteria or Specific Requirements

According to the *California Education Code* Section 8482.4(c)(1), a charter that receives state funding for an after-school program must report attendance to the California Department of Education (CDE) semiannually. Such reporting must be supported by attendance records supporting student participation.

Condition

The Organization compiles monthly summaries of student attendance for submission to the CDE. However, in reviewing one of the two school's monthly summary totals for the second semi-annual reporting period, it was noted that the Organization's monthly totals as summarized did not agree with what was reported on the semi-annual report. The CDE report for the second semi-annual report shows 3,489 students served for the Organization. In contrast, the monthly summary totals for July through December 2019 shows 3,477 students served for the Organization. This resulted in the Organization overclaiming the number of students served by 12.

Questioned costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears overstated by 12 students for the first semi-annual reporting period.

Context

The attendance condition was identified when the auditor selected one semi-annual reporting period dated July 2019 to December 2019. Auditor reviewed monthly summaries for the same period noting multiple exceptions as noted above.

Effect

In addition, the Organization was not compliant with *Education Code* Section 8482.4(c)(1) for the 2019-2020 fiscal year, since the number of students served as reported to the CDE is overstated when compared to supporting records.

Magnolia Science Academy San Diego
State Compliance Findings and Questioned Costs
Year Ended June 30, 2020

Cause

The attendance condition appears to have resulted from inconsistent procedures utilized to track student attendance.

Recommendation

For accurate attendance reporting, the Organization should review procedures used to report the number of students served to the CDE to methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semi-annual reports prior to submitting them to the CDE.

Repeat Finding (Yes or No)

No

Corrective Action Plan and View of Responsible Officials

The Organization is taking steps to audit attendance from the sign-in and out sheets to the excel spreadsheets used to report the attendance. The attendance will be reviewed by another staff member in addition to the staff member preparing the data.

Magnolia Science Academy San Diego
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Consolidated Financial Statements
June 30, 2020 and 2019

Magnolia Educational & Research Foundation



Magnolia Educational & Research Foundation

Table of Contents
June 30, 2020 and 2019

| | |
|--|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Consolidated Statement of Financial Position | 4 |
| Consolidated Statement of Activities | 5 |
| Consolidated Statement of Functional Expenses..... | 6 |
| Consolidated Statement of Cash Flows | 7 |
| Notes Consolidated to Financial Statements | 8 |
| Supplementary Information | |
| Consolidating Schedule of Expenditures of Federal Awards | 27 |
| Local Education Agency Organization Structure | 28 |
| Consolidating Statement of Financial Position | 30 |
| Consolidating Statement of Activities | 35 |
| Foundation Only Comparative Statement of Financial Position | 40 |
| Foundation Only Comparative Statement of Activities | 41 |
| Foundation Only Comparative Statement of Functional Expenses..... | 42 |
| Foundation Only Comparative Statement of Cash Flows | 43 |
| Debt Covenants | 44 |
| Consolidating Schedule of Property and Equipment..... | 47 |
| Note to Supplementary Information | 49 |
| Independent Auditor’s Reports | |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 52 |
| Independent Auditor’s Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance..... | 54 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditor’s Results..... | 56 |
| Financial Statement Findings | 57 |
| Federal Awards Findings and Questioned Costs | 59 |
| Summary Schedule of Prior Audit Findings..... | 35 |

Independent Auditor's Report

Governing Board
Magnolia Educational & Research Foundation
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Magnolia Educational & Research Foundation and Subsidiaries (the Organization), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The consolidating schedule of expenditures of federal awards, consolidating statement of financial position, consolidating statement of activities, and the other supplementary information as listed in the table of contents 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. Such 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 consolidating schedule of expenditures of federal awards, consolidating statement of financial position, and the consolidating statement of activities are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

Magnolia Educational & Research Foundation

Consolidated Statement of Financial Position

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 24,880,403 | \$ 21,113,077 |
| Accounts receivable | 6,470,352 | 4,871,200 |
| Prepaid expenses | <u>119,785</u> | <u>53,464</u> |
| Total current assets | <u>31,470,540</u> | <u>26,037,741</u> |
| Non-current assets | | |
| Restricted cash | 2,282,168 | 2,299,814 |
| Property and equipment, net | <u>52,645,675</u> | <u>50,490,691</u> |
| Total non-current assets | <u>54,927,843</u> | <u>52,790,505</u> |
| Total assets | <u><u>\$ 86,398,383</u></u> | <u><u>\$ 78,828,246</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 8,188,964 | \$ 6,051,459 |
| Refundable advance | 446,653 | 2,367,850 |
| Refundable advance - Paycheck Protection Program (PPP) | 5,461,600 | - |
| Current portion of notes payable | 99,583 | 94,583 |
| Current portion of bonds payable | 655,000 | 620,000 |
| Current portion of revolving loan | <u>232,597</u> | <u>228,013</u> |
| Total current liabilities | <u>15,084,397</u> | <u>9,361,905</u> |
| Long-term liabilities | | |
| Notes payable, less current portion | 3,986,805 | 4,086,805 |
| Bonds payable, less current portion and net of unamortized bond issuance costs | 28,447,667 | 29,076,587 |
| Revolving loan, less current portion | <u>7,957,783</u> | <u>8,189,246</u> |
| Total long-term liabilities | <u>40,392,255</u> | <u>41,352,638</u> |
| Total liabilities | <u>55,476,652</u> | <u>50,714,543</u> |
| Net Assets | | |
| Without donor restrictions | <u>30,921,731</u> | <u>28,113,703</u> |
| Total liabilities and net assets | <u><u>\$ 86,398,383</u></u> | <u><u>\$ 78,828,246</u></u> |

Magnolia Educational & Research Foundation

Consolidated Statement of Activities
Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-----------------------------|-----------------------------|
| Support and revenues | | |
| Local Control Funding Formula | \$ 40,431,155 | \$ 39,134,304 |
| Federal revenue | 2,847,974 | 2,728,824 |
| Other state revenue | 6,801,756 | 7,421,950 |
| Local revenues | <u>1,290,510</u> | <u>722,973</u> |
| Total support and revenues | <u>51,371,395</u> | <u>50,008,051</u> |
| Expenses | | |
| Program services | 32,229,176 | 32,968,880 |
| Management and general | <u>16,334,191</u> | <u>15,836,430</u> |
| Total expenses | <u>48,563,367</u> | <u>48,805,310</u> |
| Change in Net Assets | <u>2,808,028</u> | <u>1,202,741</u> |
| Net Assets, Beginning of Year | <u>28,113,703</u> | <u>26,910,962</u> |
| Net Assets, End of Year | <u><u>\$ 30,921,731</u></u> | <u><u>\$ 28,113,703</u></u> |

Magnolia Educational & Research Foundation
 Consolidated Statement of Functional Expenses
 Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|-------------------------------|----------------------|---------------------------|----------------------|
| Salaries | \$ 18,933,842 | \$ 6,866,240 | \$ 25,800,082 |
| Employee benefits | 3,131,992 | 50,219 | 3,182,211 |
| Payroll taxes | 5,351,851 | 1,394,918 | 6,746,769 |
| Fees for services | 11,726 | 2,041,012 | 2,052,738 |
| Advertising and promotions | - | 92,063 | 92,063 |
| Office expenses | 270,467 | 214,724 | 485,191 |
| Information technology | 236,381 | - | 236,381 |
| Occupancy | - | 2,532,632 | 2,532,632 |
| Travel | - | 57,652 | 57,652 |
| Conferences and meeting | - | 3,764 | 3,764 |
| Interest | - | 2,223,875 | 2,223,875 |
| Depreciation and amortization | 1,097,993 | - | 1,097,993 |
| Insurance | - | 267,527 | 267,527 |
| Other expenses | 722,250 | 589,565 | 1,311,815 |
| Capital outlay | 302,768 | - | 302,768 |
| Special education | 963,073 | - | 963,073 |
| Instructional materials | 586,586 | - | 586,586 |
| Nutrition | 221,572 | - | 221,572 |
| District oversight fees | 398,675 | - | 398,675 |
| | <u>\$ 32,229,176</u> | <u>\$ 16,334,191</u> | <u>\$ 48,563,367</u> |
| Total functional expenses | | | |

Magnolia Educational & Research Foundation

Consolidated Statement of Cash Flows
Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 2,808,028 | \$ 1,202,741 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 1,071,913 | 1,099,216 |
| Interest expense attributable to the amortization of bond issuance costs | 26,080 | 26,080 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (1,599,152) | (89,580) |
| Prepaid expenses | (66,321) | 973,944 |
| Security deposits | - | 43,117 |
| Accounts payable | 2,137,507 | 2,819,074 |
| Refundable advance | (1,921,197) | 77,191 |
| Refundable advance - PPP | 5,461,600 | - |
| Net Cash from Operating Activities | <u>7,918,458</u> | <u>6,151,783</u> |
| Cash Flows used for Investing Activities | | |
| Purchases of property and equipment | <u>(3,236,959)</u> | <u>(9,681,137)</u> |
| Cash Flows used for Financing Activities | | |
| Principal payments on notes | (93,866) | (83,612) |
| Principal payments on bonds | (620,000) | (12,214) |
| Principal payments on revolving loan | <u>(228,013)</u> | <u>(222,409)</u> |
| Net Cash used for Financing Activities | <u>(941,879)</u> | <u>(318,235)</u> |
| Net Change in Cash, Cash Equivalents, and Restricted Cash | 3,749,681 | (3,847,589) |
| Cash, Cash Equivalents, and Restricted Cash, Beginning of Year | <u>23,412,890</u> | <u>27,260,480</u> |
| Cash, Cash Equivalents, and Restricted Cash, End of Year | <u>\$ 27,162,571</u> | <u>\$ 23,412,891</u> |
| Cash and cash equivalents | 24,880,403 | 21,113,077 |
| Cash restricted to 2014 and 2017 Bond Reserve Fund | <u>2,282,168</u> | <u>2,299,814</u> |
| Total Cash, Cash Equivalents, and Restricted Cash | <u>\$ 27,162,571</u> | <u>\$ 23,412,891</u> |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | <u>\$ 2,223,875</u> | <u>\$ 2,223,875</u> |

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements
June 30, 2020 and 2019

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Magnolia Educational & Research Foundation (the Organization) is a California not-for-profit organization. During the fiscal year ended June 30, 2020, The organization operated ten charter schools currently serves approximately 3,890 students in grades kindergarten through twelve throughout California. The Organization dedicated to inspiring students to choose career paths in science, technology, engineering, and math (STEM), while providing a robust, standards-based education program within a supportive culture of excellence.

To ensure students have the tools to succeed, the Organization offer the following programs, which are mostly free of charge:

- Academic programs
- Student support programs
- After school programs
- Parent involvement programs

The Organization operate under the approval of the California State Board of Education, Los Angeles Unified School District and San Diego Unified School District. Each school receives public per-pupil funding from the State of California, in addition to grants from various government sources.

Magnolia Science Academy

Charter school number authorized by the State: 0438

Magnolia Science Academy (MSA) is a charter school located in Reseda, California that provides education for grades six through twelve. MSA was created under the approval of the Los Angeles Unified School District and the California State Board of Education and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2016 for a period of five years ending in 2022. MSA is economically dependent on Federal and State funding.

Magnolia Science Academy 2

Charter school number authorized by the State: 0906

Magnolia Science Academy 2 (MSA 2) is a charter school located in Van Nuys, California that provides sixth through twelfth grade education to approximately 435 students. MSA 2 was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2018 for a period of five years ending June 30, 2022. MSA 2 is economically dependent on Federal and State funding. Magnolia Public Schools provides a college preparatory educational program emphasizing science, technology, engineering, and math (STEM) in a safe environment that cultivates respect for self and others. Graduates of Magnolia Public Schools are scientific thinkers who contribute to the global community as socially responsible and educated members of society.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

Magnolia Science Academy 3

Charter school number authorized by the State: 0917

Magnolia Science Academy 3 (MSA 3) is a charter school located in Carson, California that provides sixth through twelfth grade education to approximately 497 students. MSA 3 was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles County Office of Education approved a new charter agreement in 2016 for a period of five years ending June 30, 2022. MSA 3 is economically dependent on Federal and State funding.

Magnolia Science Academy 4

Charter school number authorized by the State: 0986

Magnolia Science Academy 4 (MSA 4) is a charter school located in Los Angeles, California that provides sixth through twelfth grade education to approximately 131 students. MSA 4 was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. MSA 4 was granted a five year extension through June 30, 2023. MSA 4 is economically dependent on Federal and State funding.

Magnolia Science Academy 5

Charter school number authorized by the State: 0987

Magnolia Science Academy 5 (MSA 5), formerly located in Hollywood, now located in Reseda, California provides sixth through ninth grade education to approximately 281 students. MSA 5 was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. During 2018, MSA 5 was approved for a five year period ending June 30, 2023 under Los Angeles County Office of Education. MSA 5 is economically dependent on Federal and State funding.

Magnolia Science Academy 6

Charter school number authorized by the State: 0988

Magnolia Science Academy-6 (MSA 6) is a charter school located in Los Angeles, California that provides sixth through eighth grade education to approximately 134 students. The School was created under the approval of the Los Angeles Unified School District (ending June 30, 2024) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The School is economically dependent on Federal and State funding.

Magnolia Science Academy 7

Charter school number authorized by the State: 0989

Magnolia Science Academy 7 (MSA 7) is a charter school located in Northridge, California that provides kindergarten through sixth grade education to approximately 291 students. MSA 7 was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles Unified School District approved the charter on February 26, 2008, and renewed the charter agreement in 2019 for a period of five years ending in 2024. MSA 7 is economically dependent on Federal and State funding.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements
June 30, 2020 and 2019

Magnolia Science Academy Bell

Charter school number authorized by the State: 1236

Magnolia Science Academy-8 (MSA Bell) is a charter school located in Bell, California that provides sixth through eighth grade education to approximately 482 students. MSA Bell was created under the approval of the Los Angeles Unified School District (ending June 30, 2025) and the California State Board of Education, and receives public per-pupil funding to help support their operation. MSA Bell is economically dependent on Federal and State funding.

Magnolia Science Academy Santa Ana

Charter school number authorized by the State: 1686

Magnolia Science Academy Santa Ana (MSA Santa Ana), formerly Pacific Technology School Santa Ana, is a charter school located in Santa Ana, California that provides transitional kindergarten through twelfth grade education to approximately 546 students. MSA Santa Ana was created under the approval the California State Board of Education (ending June 30, 2024), and receives public per-pupil funding to help support their operation. MSA Santa Ana is economically dependent on Federal and State funding.

Magnolia Science Academy San Diego

Charter school number authorized by the State: 0698

Magnolia Science Academy San Diego (MSA San Diego), formerly Momentum Middle Charter School, is a charter school located in San Diego, California that provides educational activities for students in grades sixth through ninth serving approximately 404 students. The School offers a rich academic program with elective classes, tutoring, and after school clubs. It was the most improved middle school according to all API scores in the year 2007. The School was created under the approval of the San Diego Unified School District (SDUSD) and the California State Board of Education (ending June 30, 2024), and receives public per-pupil funding to help support their operation. The School is economically dependent on Federal and State funding.

Other Related Entity

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

MPM Sherman Way, LLC

The Organization formed the MPM Sherman Way, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Reseda Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

MPM Santa Ana, LLC

The Organization formed the MPM Santa Ana, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. MSA Santa Ana makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Santa Ana Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM San Diego, LLC

The Organization formed the MPM San Diego, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA San Diego makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA San Diego Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and the Subsidiaries, of which include MSA, MSA 2, MSA 3, MSA 4, MSA 5, MSA 6, MSA 7, MSA Bell, MSA Santa Ana, MSA San Diego, MPM, Inc., MPM Sherman Way, LLC, MPM Santa Ana, LLC, and MPM San Diego, LLC. All significant intracompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting

The accompanying consolidated financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions. The Governing Board has designated, from net assets without donor restrictions, net assets for federal and state programs.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all cash including cash in County Investment Pool and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to bond reserve funds or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intracompany Receivable/Payable

Intracompany receivable/payable results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Capital Contribution

MSA invested \$161,923 in a capital contribution to the MPM Sherman Way, LLC as an investment for the building improvement located at 18238 Sherman Way in the city of Reseda, CA 91335 for its campus location.

MSA Santa Ana invested \$75,554 in a capital contribution to the MPM Santa Ana, LLC as an investment for the building improvement located at 2840 West 1st Street in the city of Santa Ana, CA 92703 for its campus location.

MSA San Diego invested \$198,191 in a capital contribution to the MPM San Diego, LLC as an investment for the building improvement located at 6525 Estrella Avenue in the city of San Diego, CA 92120 for its campus location.

Magnolia Educational & Research Foundation

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying consolidated financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

Magnolia Educational & Research Foundation

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The Organization was granted a \$5,461,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. At June 30, 2020, the refundable advance related to PPP consists of \$5,461,600 in loan.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable approximation of the effective interest method. Debt issuance costs are included within bonds payable in the statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services 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 present 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. The expenses that are allocated include salaries and wages, benefits, payroll taxes, fees for services, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under 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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

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 Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization 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 for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2020 | 2019 |
|---------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 24,880,403 | \$ 21,113,077 |
| Accounts receivable | 6,470,352 | 4,871,200 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 31,350,755</u> | <u>\$ 25,984,277</u> |

Magnolia Educational & Research Foundation
Notes Consolidated to Financial Statements
June 30, 2020 and 2019

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|----------------------|----------------------|
| Land | \$ 2,566,854 | \$ 2,566,854 |
| Leasehold improvements | 2,360,135 | - |
| Building | 47,628,894 | 28,398,928 |
| Computer and equipment | 3,606,511 | 2,808,123 |
| Work in progress | <u>2,426,372</u> | <u>21,587,963</u> |
| Total property and equipment | 58,588,766 | 55,361,868 |
| Less accumulated depreciation | <u>(5,943,091)</u> | <u>(4,871,177)</u> |
| Total | <u>\$ 52,645,675</u> | <u>\$ 50,490,691</u> |

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2020:

Note payable, due in monthly installments of \$42,708, principal and interest at 10%, collateralized by the Magnolia Science Academy Santa Ana school facility with a carrying value of \$11,389,575; maturing July 1, 2044.

\$ 4,086,388

Future maturities of notes payable are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|---------------------------------|---------------------|
| 2021 | \$ 99,583 |
| 2022 | 104,583 |
| 2023 | 109,583 |
| 2024 | 114,583 |
| 2025 | 119,583 |
| Thereafter | <u>3,538,473</u> |
| Total | <u>\$ 4,086,388</u> |

Magnolia Educational & Research Foundation

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 5 - Bonds Payable**Charter School Facilities Revenue Bonds, Series 2014A and 2014B**

On June 26, 2014, the Organization issued \$6,020,000 in uncollateralized Charter School Facilities Revenue Bonds. The bonds mature on July 1, 2044, with interest rate ranging from 5.25 to 7.00 percent. Unamortized bonds issuance costs are amortized an effective interest rate of 5.25 percent. Proceeds of the bonds will be used for based on acquisition, construction renovation, improving, and equipping certain educational facilities. The bonds require the Organization to comply with certain financial and non-financial covenants.

5,595,000

Charter School Facilities Revenue Bonds, Series 2017A

On September 6, 2017, the Organization issued \$25,000,000 in uncollateralized Charter School Facilities Revenue Bonds. The bonds mature on July 1, 2044, with interest rate of 5.25 percent. Unamortized bonds issuance costs are amortized based on an effective interest rate of 5.25 percent. Proceeds of the bonds will be used for based on acquisition, construction renovation, improving, and equipping certain educational facilities. The bonds require the Organization to comply with certain financial and non-financial covenants.

24,480,000

Subtotal outstanding bonds

30,075,000

Bond issuance costs on Charter School Facilities Revenue Bonds,
Series 2014A and 2014B

(320,341)

Bond issuance costs on Charter School Facilities Revenue Bonds,
Series 2017A

(651,992)

Subtotal debt issuance costs on bonds

(972,333)

Total

\$ 29,102,667

Future maturities of bonds payable are as follows:

| Year Ending June 30, | Principal |
|--------------------------------------|---------------|
| 2021 | \$ 655,000 |
| 2022 | 685,000 |
| 2023 | 720,000 |
| 2024 | 760,000 |
| 2025 | 800,000 |
| Thereafter | 26,455,000 |
| Less unamortized debt issuance costs | (972,333) |
| Total | \$ 29,102,667 |

Magnolia Educational & Research Foundation

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 6 - Revolving Loan

MSA Santa Ana has been approved by the State of California's Charter School Facilities Program (CCSFP) for \$17,413,956 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$17,413,956; the State will fund 50 percent of the total project cost through a loan in the amount of \$8,706,990 and the other 50 percent through a grant in the amount of \$8,706,978. The loan has an annual interest rate of 3.00 percent and it matures 30 years after the completion of the project.

The future minimum payments are as follows:

| Year Ending June 30, | Principal |
|-------------------------|---------------------|
| 2021 | \$ 232,597 |
| 2022 | 237,272 |
| 2023 | 242,040 |
| 2024 | 246,906 |
| 2025 | 251,869 |
| Thereafter | <u>6,827,890</u> |
| Total | <u>\$ 8,038,574</u> |

MSA San Diego has been approved by the State of California's Charter School Facilities Program (CCSFP) for \$3,036,122 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$3,036,122; the State will fund 50 percent of the total project cost through a loan in the amount of \$1,518,061 and the other 50 percent through a grant in the amount of \$1,518,061. The loan has an annual interest rate of 2.00 percent and it matures 30 years after the completion of the project, which is estimated to be in the middle of calendar year 2021. The repayment schedule will be determined after completion of the project. The State Controller's Office will deduct the loan payments from MSA SD's State School Fund Apportionments. The outstanding loan balance as of June 30, 2020, was \$151,806.

Magnolia Educational & Research Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 7 - Operating Leases

The Organization entered into a lease agreement with Kajima Development Corporation in which the Organization will occupy for its home office location. The term of this agreement expires on April 30, 2023. Lease expense for the fiscal year ending June 30, 2020 was \$171,600, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 177,600 |
| 2022 | 184,600 |
| 2023 | <u>158,000</u> |
| Total | <u>\$ 520,200</u> |

MSA entered into a lease agreement with MPM Sherman Way, LLC in which the MSA will occupy for its campus location. The term of this agreement expires on July 1, 2044. Lease expense for the fiscal year ending June 30, 2020 was \$1,295,589, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 1,295,476 |
| 2022 | 1,297,781 |
| 2023 | 1,302,336 |
| 2024 | 1,307,572 |
| 2025 | 1,312,995 |
| Thereafter | <u>25,942,689</u> |
| Total | <u>\$ 32,458,849</u> |

MSA 6 entered into a lease agreement with First Lutheran Church of Culver City and Palms, California in which the MSA 6 will occupy for its campus location. The term of this agreement expires on July 31, 2021. Lease expense for the fiscal year ending June 30, 2020 was \$104,500, which is included in occupancy in the statement of functional expenses.

Magnolia Educational & Research Foundation
Notes Consolidated to Financial Statements
June 30, 2020 and 2019

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 127,750 |
| 2022 | 10,750 |
| Total | <u>\$ 138,500</u> |

MSA 7 entered into a lease agreement with First Lutheran Church of Northridge in which the MSA 7 will occupy for its campus location. The term of this agreement expires on June 30, 2022. Lease expense for the fiscal year ending June 30, 2020 was \$265,656, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 273,624 |
| 2022 | 281,832 |
| Total | <u>\$ 555,456</u> |

MSA San Diego entered into a lease agreement with MPM San Diego, LLC in which the MSA San Diego will occupy for its campus location. The term of this agreement expires on July 1, 2044. Lease expense for the fiscal year ending June 30, 2020 was \$476,172, which is included in occupancy in the statement of functional expenses.

Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payment</u> |
|---------------------------------|--------------------------|
| 2021 | \$ 476,397 |
| 2022 | 478,130 |
| 2023 | 481,275 |
| 2024 | 482,139 |
| 2025 | 486,216 |
| Thereafter | 9,794,929 |
| Total | <u>\$ 12,199,086</u> |

MSA San Diego renewed a Facilities Use Agreement with SDUSD for the sole purpose of operating the Charter School education programs and related Charter Schools activities. The terms of this agreement expires on June 30, 2020 and include rental fees that shall be paid on the first of every month. Lease expense for the fiscal year ending June 30, 2020 was \$240,000, which is included in occupancy in the statement of functional expenses.

Magnolia Educational & Research Foundation
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 8 - Net Assets

Net assets consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------|---------------|
| Net assets without donor restrictions | | |
| Designated for federal programs | \$ 457,937 | \$ - |
| Designated for state programs | 479,276 | 2,391,084 |
| Undesignated | 29,984,518 | 25,722,619 |
| Total net assets without donor restrictions | \$ 30,921,731 | \$ 28,113,703 |

Note 9 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 Organization has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements
June 30, 2020 and 2019**Benefits Provided**

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

Contributions

Required member, Organization, 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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were \$3,348,294.

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements

June 30, 2020 and 2019

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS

Magnolia Educational & Research Foundation

Notes Consolidated to Financial Statements
June 30, 2020 and 2019

annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Organization's contributions were \$880,768.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,513,747 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of \$507,762 in these financial statements.

Note 10 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 11 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information
June 30, 2020

Magnolia Educational & Research Foundation

Magnolia Educational & Research Foundation
Consolidating Schedule of Expenditures of Federal Awards
June 30, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---|----------------------------|
| U.S. Department of Education | | | |
| Passed through California Department of Education (CDE) | | | |
| Special Education Cluster | | | |
| Basic Local Assistance Entitlement | 84.027 | 13379 | <u>\$ 568,937</u> |
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | 1,344,688 |
| Title II, Part A, Supporting Effective Instruction | 84.367 | 14341 | 196,368 |
| Title III, English Learner Student Program | 84.365 | 14346 | 83,484 |
| Title IV, Part A, Student Support and Academic Enrichment | 84.424 | 15396 | 160,983 |
| State Charter School Facilities Incentive Grant Program | 84.282D | [1] | <u>314,878</u> |
| Total Federal Programs | | | <u><u>\$ 2,669,338</u></u> |

[1] Pass-Through Entity Identifying Number not available.

Magnolia Educational & Research Foundation
Local Education Agency Organization Structure
June 30, 2020

ORGANIZATION

The Organization operates ten schools in California. Each school is operated on the same tax identification number as the Organization. Charters were granted for each school for up to five years, with an opportunity for renewal. Charters may be revoked by the charter authorizer for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2020, the schools operated by the Organization were as follows:

| Charter School Name | Charter Number | Sponsoring District | Charter Expiration | Grades Served | Students Served |
|------------------------------------|-----------------------|--|---------------------------|----------------------|------------------------|
| Magnolia Science Academy | 0438 | Los Angeles County Office of Education | June 30, 2022 | 6 - 12 | 650 |
| Magnolia Science Academy 2 | 0906 | Los Angeles County Office of Education | June 30, 2022 | 6 - 12 | 435 |
| Magnolia Science Academy 3 | 0917 | Los Angeles County Office of Education | June 30, 2022 | 6 - 12 | 497 |
| Magnolia Science Academy 4 | 0986 | Los Angeles Unified School District | June 30, 2023 | 6 - 12 | 131 |
| Magnolia Science Academy 5 | 0987 | Los Angeles County Office of Education | June 30, 2023 | 6 - 12 | 281 |
| Magnolia Science Academy 6 | 0988 | Los Angeles Unified School District | June 30, 2024 | 6 - 8 | 134 |
| Magnolia Science Academy 7 | 0989 | Los Angeles Unified School District | June 30, 2024 | K - 5 | 291 |
| Magnolia Science Academy Bell | 1236 | Los Angeles Unified School District | June 30, 2025 | 6 - 8 | 482 |
| Magnolia Science Academy Santa Ana | 1686 | California Department of Education | June 30, 2024 | K - 12 | 546 |
| Magnolia Science Academy San Diego | 0698 | San Diego Unified School District | June 30, 2024 | 6 - 8 | 443 |

Magnolia Educational & Research Foundation
Local Education Agency Organization Structure
June 30, 2020

GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---------------------|------------|---------------|
| Rabbi Haim Beliak | Chair | No Term Limit |
| Umit Yapanel, Ph.D. | Vice Chair | No Term Limit |
| Salih Dikbas, Ph.D. | Member | No Term Limit |
| Sandra Covarrubias | Member | No Term Limit |
| Diane Gonzalez | Member | No Term Limit |
| Mekan Muhammedov | Member | No Term Limit |

ADMINISTRATION

| NAME | TITLE |
|-------------------|--|
| Alfredo Rubalcava | Chief Executive Officer and Superintendent |
| Nanie Montijo | Chief Financial Officer (resigned as of July 2020) |
| Serdar Orazov | Chief Financial Officer (started as of August 2020) |

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position
June 30, 2020 and 2019

| | <u>MERF</u> | <u>MSA</u> | <u>MSA 2</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 3,193,616 | \$ 2,636,263 | \$ 2,288,348 |
| Accounts receivable | 453,452 | 1,343,289 | 803,707 |
| Intracompany receivable | 77,584 | - | - |
| Prepaid expenses | - | 107,966 | 2,197 |
| Total current assets | <u>3,724,652</u> | <u>4,087,518</u> | <u>3,094,252</u> |
| Non-current assets | | | |
| Capital contribution | - | 161,923 | - |
| Restricted cash | - | - | - |
| Property and equipment, net | 15,759 | 3,539,439 | 149,268 |
| Total non-current assets | <u>15,759</u> | <u>3,701,362</u> | <u>149,268</u> |
| Total assets | <u><u>\$ 3,740,411</u></u> | <u><u>\$ 7,788,880</u></u> | <u><u>\$ 3,243,520</u></u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 678,278 | \$ 1,247,311 | \$ 1,034,276 |
| Refundable advance | - | - | - |
| Refundable advance - Paycheck Protection Program (PPP) | 534,572 | 789,701 | 632,270 |
| Intracompany payable | 572,859 | 449,753 | - |
| Current portion of notes payable | - | - | - |
| Current portion of bonds payable | - | - | - |
| Current portion of revolving loan | - | - | - |
| Total current liabilities | <u>1,785,709</u> | <u>2,486,765</u> | <u>1,666,546</u> |
| Long-term liabilities | | | |
| Notes payable, less current portion | - | - | - |
| Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium | - | - | - |
| Revolving loan, less current portion | - | - | - |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,785,709</u> | <u>2,486,765</u> | <u>1,666,546</u> |
| Net Assets | | | |
| Without donor restrictions | <u>1,954,702</u> | <u>5,302,115</u> | <u>1,576,974</u> |
| Total liabilities and net assets | <u><u>\$ 3,740,411</u></u> | <u><u>\$ 7,788,880</u></u> | <u><u>\$ 3,243,520</u></u> |

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position
June 30, 2020 and 2019

| | <u>MSA 3</u> | <u>MSA 4</u> | <u>MSA 5</u> |
|--|----------------------------|----------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,393,344 | \$ 1,317,106 | \$ 1,478,382 |
| Accounts receivable | 766,829 | 180,928 | 500,853 |
| Intracompany receivable | - | - | 988,341 |
| Prepaid expenses | 833 | 758 | 1,667 |
| Total current assets | <u>2,161,006</u> | <u>1,498,792</u> | <u>2,969,243</u> |
| Non-current assets | | | |
| Capital contribution | - | - | - |
| Restricted cash | - | - | - |
| Property and equipment, net | 32,056 | 42,347 | 59,649 |
| Total non-current assets | <u>32,056</u> | <u>42,347</u> | <u>59,649</u> |
| Total assets | <u><u>\$ 2,193,062</u></u> | <u><u>\$ 1,541,139</u></u> | <u><u>\$ 3,028,892</u></u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 764,750 | \$ 402,920 | \$ 571,523 |
| Refundable advance | - | - | - |
| Refundable advance - Paycheck Protection Program (PPP) | 627,597 | 229,930 | 349,985 |
| Intracompany payable | - | - | - |
| Current portion of notes payable | - | - | - |
| Current portion of bonds payable | - | - | - |
| Current portion of revolving loan | - | - | - |
| Total current liabilities | <u>1,392,347</u> | <u>632,850</u> | <u>921,508</u> |
| Long-term liabilities | | | |
| Notes payable, less current portion | - | - | - |
| Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium | - | - | - |
| Revolving loan, less current portion | - | - | - |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,392,347</u> | <u>632,850</u> | <u>921,508</u> |
| Net Assets | | | |
| Without donor restrictions | 800,715 | 908,289 | 2,107,384 |
| Total liabilities and net assets | <u><u>\$ 2,193,062</u></u> | <u><u>\$ 1,541,139</u></u> | <u><u>\$ 3,028,892</u></u> |

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position
June 30, 2020 and 2019

| | <u>MSA 6</u> | <u>MSA 7</u> | <u>MSA Bell</u> |
|--|----------------------------|----------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 2,024,300 | \$ 1,632,981 | \$ 3,014,092 |
| Accounts receivable | 199,173 | 496,732 | 679,993 |
| Intracompany receivable | - | - | 2,248,498 |
| Prepaid expenses | 455 | 1,742 | 1,061 |
| Total current assets | <u>2,223,928</u> | <u>2,131,455</u> | <u>5,943,644</u> |
| Non-current assets | | | |
| Capital contribution | - | - | - |
| Restricted cash | - | - | - |
| Property and equipment, net | 43,937 | 504,930 | 77,038 |
| Total non-current assets | <u>43,937</u> | <u>504,930</u> | <u>77,038</u> |
| Total assets | <u><u>\$ 2,267,865</u></u> | <u><u>\$ 2,636,385</u></u> | <u><u>\$ 6,020,682</u></u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 223,027 | \$ 399,239 | \$ 656,545 |
| Refundable advance | - | - | - |
| Refundable advance - Paycheck Protection Program (PPP) | 193,294 | 358,254 | 576,190 |
| Intracompany payable | - | - | - |
| Current portion of notes payable | - | - | - |
| Current portion of bonds payable | - | - | - |
| Current portion of revolving loan | - | - | - |
| Total current liabilities | <u>416,321</u> | <u>757,493</u> | <u>1,232,735</u> |
| Long-term liabilities | | | |
| Notes payable, less current portion | - | - | - |
| Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium | - | - | - |
| Revolving loan, less current portion | - | - | - |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>416,321</u> | <u>757,493</u> | <u>1,232,735</u> |
| Net Assets | | | |
| Without donor restrictions | <u>1,851,544</u> | <u>1,878,892</u> | <u>4,787,947</u> |
| Total liabilities and net assets | <u><u>\$ 2,267,865</u></u> | <u><u>\$ 2,636,385</u></u> | <u><u>\$ 6,020,682</u></u> |

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position
June 30, 2020 and 2019

| | MSA Santa Ana | MSA San Diego | MPM Inc. / LLC |
|--|----------------------|---------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 2,509,874 | \$ 1,269,671 | \$ 2,122,426 |
| Accounts receivable | 575,383 | 523,286 | - |
| Intracompany receivable | - | 10 | - |
| Prepaid expenses | 3,106 | - | - |
| Total current assets | 3,088,363 | 1,792,967 | 2,122,426 |
| Non-current assets | | | |
| Capital contribution | 75,554 | 198,191 | - |
| Restricted cash | - | - | 2,282,168 |
| Property and equipment, net | 20,467,997 | 289,648 | 27,423,607 |
| Total non-current assets | 20,543,551 | 487,839 | 29,705,775 |
| Total assets | \$ 23,631,914 | \$ 2,280,806 | \$ 31,828,201 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 1,730,927 | \$ 533,441 | \$ - |
| Refundable advance | - | - | 446,653 |
| Refundable advance - Paycheck Protection Program (PPP) | 751,656 | 418,151 | - |
| Intracompany payable | 1,405,810 | 886,011 | - |
| Current portion of notes payable | 99,583 | - | - |
| Current portion of bonds payable | - | - | 655,000 |
| Current portion of revolving loan | 232,597 | - | - |
| Total current liabilities | 4,220,573 | 1,837,603 | 1,101,653 |
| Long-term liabilities | | | |
| Notes payable, less current portion | 3,986,805 | - | - |
| Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium | - | - | 28,447,667 |
| Revolving loan, less current portion | 7,805,977 | 151,806 | - |
| Total long-term liabilities | 11,792,782 | 151,806 | 28,447,667 |
| Total liabilities | 16,013,355 | 1,989,409 | 29,549,320 |
| Net Assets | | | |
| Without donor restrictions | 7,618,559 | 291,397 | 2,278,881 |
| Total liabilities and net assets | \$ 23,631,914 | \$ 2,280,806 | \$ 31,828,201 |

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position
June 30, 2020 and 2019

| | Eliminations | 2020 Consolidated | 2019 Consolidated |
|--|-----------------------|----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ - | \$ 24,880,403 | \$ 21,113,077 |
| Accounts receivable | (53,273) | 6,470,352 | 4,871,200 |
| Intracompany receivable | (3,314,433) | - | - |
| Prepaid expenses | - | 119,785 | 53,464 |
| Total current assets | (3,367,706) | 31,470,540 | 26,037,741 |
| Non-current assets | | | |
| Capital contribution | (435,668) | - | - |
| Restricted cash | - | 2,282,168 | 2,299,814 |
| Property and equipment, net | - | 52,645,675 | 50,490,691 |
| Total non-current assets | (435,668) | 54,927,843 | 52,790,505 |
| Total assets | \$ (3,803,374) | \$ 86,398,383 | \$ 78,828,246 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ (53,273) | \$ 8,188,964 | \$ 6,051,459 |
| Refundable advance | - | 446,653 | 2,367,850 |
| Refundable advance - Paycheck Protection Program (PPP) | - | 5,461,600 | - |
| Intracompany payable | (3,314,433) | - | - |
| Current portion of notes payable | - | 99,583 | 94,583 |
| Current portion of bonds payable | - | 655,000 | 620,000 |
| Current portion of revolving loan | - | 232,597 | 228,013 |
| Total current liabilities | (3,367,706) | 15,084,397 | 9,361,905 |
| Long-term liabilities | | | |
| Notes payable, less current portion | - | 3,986,805 | 4,086,805 |
| Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium | - | 28,447,667 | 29,076,587 |
| Revolving loan, less current portion | - | 7,957,783 | 8,189,246 |
| Total long-term liabilities | - | 40,392,255 | 41,352,638 |
| Total liabilities | (3,367,706) | 55,476,652 | 50,714,543 |
| Net Assets | | | |
| Without donor restrictions | (435,668) | 30,921,731 | 28,113,703 |
| Total liabilities and net assets | \$ (3,803,374) | \$ 86,398,383 | \$ 78,828,246 |

Magnolia Educational & Research Foundation

Consolidating Statement of Activities
Year Ended June 30, 2020 and 2019

| | Magnolia Educational & Research Foundation | Magnolia Science Academy | Magnolia Science Academy 2 |
|--|---|-----------------------------|-------------------------------|
| Support and revenues | | | |
| Local Control Funding Formula | \$ - | \$ 7,240,548 | \$ 4,795,130 |
| Federal revenue | - | 765,438 | 252,373 |
| Other state revenue | 57,314 | 1,608,028 | 621,972 |
| Local revenues | 5,359,493 | 80,955 | 279,455 |
| Rental income | - | - | - |
| Total support and revenues | 5,416,807 | 9,694,969 | 5,948,930 |
| Expenses | | | |
| Program services | 1,260,005 | 5,269,036 | 3,644,323 |
| Management and general | 3,599,507 | 3,985,976 | 1,744,185 |
| Total expenses | 4,859,512 | 9,255,012 | 5,388,508 |
| Change in Net Assets | 557,295 | 439,957 | 560,422 |
| Intracompany transfers | | | |
| Transfer in | 63,700 | - | - |
| Transfer out | (289,954) | - | - |
| Change in Net Assets after intracompany transfers | 331,041 | 439,957 | 560,422 |
| Net Assets, Beginning of Year | 1,623,661 | 4,862,158 | 1,016,552 |
| Net Assets, End of Year | \$ 1,954,702 | \$ 5,302,115 | \$ 1,576,974 |

Magnolia Educational & Research Foundation
 Consolidating Statement of Activities
 Year Ended June 30, 2020 and 2019

| | Magnolia Science Academy 3 | Magnolia Science Academy 4 | Magnolia Science Academy 5 |
|--|-------------------------------|-------------------------------|-------------------------------|
| Support and revenues | | | |
| Local Control Funding Formula | \$ 5,140,719 | \$ 1,419,604 | \$ 3,043,774 |
| Federal revenue | 264,608 | 103,688 | 148,113 |
| Other state revenue | 807,212 | 235,912 | 430,857 |
| Local revenues | 45,934 | 82,139 | 70,980 |
| Rental income | - | - | - |
| Total support and revenues | <u>6,258,473</u> | <u>1,841,343</u> | <u>3,693,724</u> |
| Expenses | | | |
| Program services | 3,759,580 | 1,537,125 | 2,205,021 |
| Management and general | <u>2,745,186</u> | <u>718,657</u> | <u>1,163,326</u> |
| Total expenses | <u>6,504,766</u> | <u>2,255,782</u> | <u>3,368,347</u> |
| Change in Net Assets | <u>(246,293)</u> | <u>(414,439)</u> | <u>325,377</u> |
| Intracompany transfers | | | |
| Transfer in | - | - | - |
| Transfer out | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Net Assets after intracompany transfers | <u>(246,293)</u> | <u>(414,439)</u> | <u>325,377</u> |
| Net Assets, Beginning of Year | <u>1,047,008</u> | <u>1,322,728</u> | <u>1,782,007</u> |
| Net Assets, End of Year | <u>\$ 800,715</u> | <u>\$ 908,289</u> | <u>\$ 2,107,384</u> |

Magnolia Educational & Research Foundation
 Consolidating Statement of Activities
 Year Ended June 30, 2020 and 2019

| | Magnolia Science Academy 6 | Magnolia Science Academy 7 | Magnolia Science Academy Bell |
|--|-------------------------------|-------------------------------|----------------------------------|
| Support and revenues | | | |
| Local Control Funding Formula | \$ 1,338,848 | \$ 2,953,282 | \$ 4,878,258 |
| Federal revenue | 107,108 | 171,913 | 345,797 |
| Other state revenue | 274,441 | 639,729 | 790,683 |
| Local revenues | 51,055 | 119,708 | 4,958 |
| Rental income | - | - | - |
| Total support and revenues | <u>1,771,452</u> | <u>3,884,632</u> | <u>6,019,696</u> |
| Expenses | | | |
| Program services | 1,192,690 | 2,124,147 | 3,280,088 |
| Management and general | 541,508 | 1,424,233 | 2,187,220 |
| Total expenses | <u>1,734,198</u> | <u>3,548,380</u> | <u>5,467,308</u> |
| Change in Net Assets | <u>37,254</u> | <u>336,252</u> | <u>552,388</u> |
| Intracompany transfers | | | |
| Transfer in | - | - | - |
| Transfer out | - | - | - |
| Change in Net Assets after intracompany transfers | <u>37,254</u> | <u>336,252</u> | <u>552,388</u> |
| Net Assets, Beginning of Year | <u>1,814,290</u> | <u>1,542,640</u> | <u>4,235,559</u> |
| Net Assets, End of Year | <u>\$ 1,851,544</u> | <u>\$ 1,878,892</u> | <u>\$ 4,787,947</u> |

Magnolia Educational & Research Foundation
 Consolidating Statement of Activities
 Year Ended June 30, 2020 and 2019

| | Magnolia Science Academy Santa Ana | Magnolia Science Academy Santa Diego | MPM Inc. / LLC |
|--|--|--|---------------------|
| Support and revenues | | | |
| Local Control Funding Formula | \$ 6,056,968 | \$ 3,564,024 | \$ - |
| Federal revenue | 571,325 | 117,611 | - |
| Other state revenue | 758,855 | 576,753 | - |
| Local revenues | 107,674 | 128,973 | 36,961 |
| Rental income | - | - | 2,493,333 |
| Total support and revenues | 7,494,822 | 4,387,361 | 2,530,294 |
| Expenses | | | |
| Program services | 4,940,362 | 2,763,459 | 253,340 |
| Management and general | 2,464,417 | 1,675,167 | 1,655,917 |
| Total expenses | 7,404,779 | 4,438,626 | 1,909,257 |
| Change in Net Assets | 90,043 | (51,265) | 621,037 |
| Intracompany transfers | | | |
| Transfer in | - | - | 289,954 |
| Transfer out | - | - | (63,700) |
| Change in Net Assets after intracompany transfers | 90,043 | (51,265) | 847,291 |
| Net Assets, Beginning of Year | 7,528,516 | 342,662 | 1,431,590 |
| Net Assets, End of Year | \$ 7,618,559 | \$ 291,397 | \$ 2,278,881 |

Magnolia Educational & Research Foundation
 Consolidating Statement of Activities
 Year Ended June 30, 2020 and 2019

| | Eliminations | 2020 Consolidated | 2019 Consolidated |
|--|--------------|----------------------|----------------------|
| Support and revenues | | | |
| Local Control Funding Formula | \$ - | \$ 40,431,155 | \$ 39,134,304 |
| Federal revenue | - | 2,847,974 | 2,728,824 |
| Other state revenue | - | 6,801,756 | 7,421,950 |
| Local revenues | (5,077,775) | 1,290,510 | 722,973 |
| Rental income | (2,493,333) | - | - |
| Total support and revenues | (7,571,108) | 51,371,395 | 50,008,051 |
| Expenses | | | |
| Program services | - | 32,229,176 | 32,968,880 |
| Management and general | (7,571,108) | 16,334,191 | 15,836,430 |
| Total expenses | (7,571,108) | 48,563,367 | 48,805,310 |
| Change in Net Assets | - | 2,808,028 | 1,202,741 |
| Intracompany transfers | | | |
| Transfer in | (353,654) | - | - |
| Transfer out | 353,654 | - | - |
| Change in Net Assets after intracompany transfers | - | 2,808,028 | 1,202,741 |
| Net Assets, Beginning of Year | (435,668) | 28,113,703 | 26,910,962 |
| Net Assets, End of Year | \$ (435,668) | \$ 30,921,731 | \$ 28,113,703 |

Magnolia Educational & Research Foundation
Foundation Only Comparative Statement of Financial Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 3,193,616 | \$ 2,681,572 |
| Accounts receivable | 453,452 | 63,475 |
| Intracompany receivable | 77,584 | 1,412,686 |
| Prepaid expenses | - | 14,665 |
| Total current assets | 3,724,652 | 4,172,398 |
| Non-current assets | | |
| Property and equipment, net | 15,759 | 16,618 |
| Total assets | \$ 3,740,411 | \$ 4,189,016 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 678,278 | \$ 417,280 |
| Refundable advance - Paycheck Protection Program (PPP) | 534,572 | - |
| Intracompany payable | 572,859 | 2,148,075 |
| Total liabilities | 1,785,709 | 2,565,355 |
| Net Assets | | |
| Without donor restrictions | \$ 1,954,702 | \$ 1,623,661 |
| Total liabilities and net assets | \$ 3,740,411 | \$ 4,189,016 |

Magnolia Educational & Research Foundation
 Foundation Only Comparative Statement of Activities
 Year Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Support and revenues | | |
| Other state revenue | \$ 57,314 | \$ - |
| Local revenues | 5,359,493 | 5,864,094 |
| Total support and revenues | <u>5,416,807</u> | <u>5,864,094</u> |
| Expenses | | |
| Program services | 1,260,005 | 1,635,659 |
| Management and general | 3,599,507 | 3,398,735 |
| Total expenses | <u>4,859,512</u> | <u>5,034,394</u> |
| Change in Net Assets | <u>557,295</u> | <u>829,700</u> |
| Intracompany transfers | | |
| Transfer in | 63,700 | - |
| Transfer out | (289,954) | - |
| Change in Net Assets after intracompany transfers | <u>331,041</u> | <u>829,700</u> |
| Net Assets, Beginning of Year | <u>1,623,661</u> | <u>793,961</u> |
| Net Assets, End of Year | <u>\$ 1,954,702</u> | <u>\$ 1,623,661</u> |

Magnolia Educational & Research Foundation
Foundation Only Comparative Statement of Functional Expenses
Year Ended June 30, 2020

| | Program Services | Management and General | Total Expenses |
|----------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 655,777 | \$ 2,030,557 | \$ 2,686,334 |
| Employee benefits | 263,590 | - | 263,590 |
| Payroll taxes | 204,512 | 224,063 | 428,575 |
| Fees for services | - | 922,811 | 922,811 |
| Advertising and promotions | - | 12,929 | 12,929 |
| Office expenses | 1,130 | 16,193 | 17,323 |
| Information technology | 85,569 | - | 85,569 |
| Occupancy | - | 207,295 | 207,295 |
| Travel | - | 44,352 | 44,352 |
| Conferences and meeting | - | 2,364 | 2,364 |
| Depreciation | 859 | - | 859 |
| Insurance | - | 30,308 | 30,308 |
| Other expenses | - | 108,635 | 108,635 |
| Capital outlay | 19,276 | - | 19,276 |
| Instructional materials | 116 | - | 116 |
| Nutrition | 29,176 | - | 29,176 |
| | <u>\$ 1,260,005</u> | <u>\$ 3,599,507</u> | <u>\$ 4,859,512</u> |
| Total functional expenses | <u>\$ 1,260,005</u> | <u>\$ 3,599,507</u> | <u>\$ 4,859,512</u> |

Magnolia Educational & Research Foundation
Foundation Only Comparative Statement of Cash Flows
Year Ended June 30, 2020

| | 2020 | 2019 |
|--|--------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 331,038 | \$ 50,314 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation expense | 859 | 71,472 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (389,977) | 76,036 |
| Intercompany receivable | 1,335,102 | (261,033) |
| Prepaid expenses | 14,665 | 258,620 |
| Accounts payable | 261,001 | 735,307 |
| Refundable advance | - | 13,462 |
| Refundable advance - PPP | 534,572 | - |
| Intercompany payable | (1,575,216) | (48,327) |
| Net Cash from Operating Activities | 7,918,458 | 2,206,518 |
| Net Change in Cash | 512,044 | 895,851 |
| Cash, Beginning of Year | 2,681,572 | 2,044,087 |
| Cash, End of Year | \$ 3,193,616 | \$ 2,939,938 |
| Supplemental Cash Flow Disclosure | | |
| Cash paid during the period in interest | \$ - | \$ - |

Magnolia Educational & Research Foundation

Debt Covenants

Year Ended June 30, 2020

Magnolia Science Academy

Debt Service Coverage

| | | |
|-------------------------------|----|-----------|
| Net income | \$ | 439,957 |
| Depreciation and amortization | | 68,205 |
| Management fees (50%) | | 430,263 |
| Rent | | 1,391,320 |
| Income Available for Coverage | | 2,329,745 |
| Debt Service | | 1,391,320 |

| | |
|-----------------------|------|
| Debt Service Coverage | 1.67 |
| Limit | 1.10 |
| Compliance | Yes |

Consolidated Days Cash on Hand

| | | |
|-------------------------------|----|-----------|
| Total Expenses | \$ | 9,255,012 |
| Depreciation and amortization | | 68,205 |
| Cash Expenses | | 9,186,807 |
| Expense/Day | | 25,169 |
| Cash | | 2,636,263 |

| | |
|-------------------|-----|
| Days Cash on Hand | 105 |
| Limit | 45 |
| Compliance | Yes |

Magnolia Educational & Research Foundation

Debt Covenants

Year Ended June 30, 2020

Magnolia Science Academy Santa Ana**Debt Service Coverage**

| | | |
|-------------------------------|----|-------------|
| Net income | \$ | 90,043 |
| Depreciation and amortization | | 583,197 |
| Management fees (50%) | | 292,763 |
| Rent | | 582,787 |
| Income Available for Coverage | | 1,548,790 |
| Debt Service | | 582,787 |
| Debt Service Coverage | | 2.66 |
| Limit | | 1.10 |
| Compliance | | Yes |

Consolidated Days Cash on Hand

| | | |
|-------------------------------|----|------------|
| Total Expenses | \$ | 7,404,779 |
| Depreciation and amortization | | 583,197 |
| Cash Expenses | | 6,821,582 |
| Expense/Day | | 18,689 |
| Cash | | 2,509,874 |
| Days Cash on Hand | | 134 |
| Limit | | 45 |
| Compliance | | Yes |

Magnolia Educational & Research Foundation

Debt Covenants

Year Ended June 30, 2020

Magnolia Science Academy San Diego**Debt Service Coverage**

| | | |
|-------------------------------|----|-------------|
| Net income | \$ | (51,265) |
| Depreciation and amortization | | 14,699 |
| Management fees (50%) | | 97,501 |
| Rent | | 476,172 |
| Income Available for Coverage | | 537,107 |
| Debt Service | | 476,172 |
| Debt Service Coverage | | 1.13 |
| Limit | | 1.10 |
| Compliance | | Yes |

Consolidated Days Cash on Hand

| | | |
|-------------------------------|----|------------|
| Total Expenses | \$ | 4,438,626 |
| Depreciation and amortization | | 14,699 |
| Cash Expenses | | 4,423,927 |
| Expense/Day | | 12,120 |
| Cash | | 1,269,671 |
| Days Cash on Hand | | 105 |
| Limit | | 45 |
| Compliance | | Yes |

Magnolia Educational & Research Foundation
 Consolidating Schedule of Property and Equipment
 Year Ended June 30, 2020

| | MERF | MSA | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 |
|-------------------------------------|------------------|---------------------|-------------------|------------------|------------------|------------------|------------------|
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Leasehold improvements | - | 2,360,135 | - | - | - | - | - |
| Building | - | 226,898 | 10,062 | - | - | - | - |
| Computer and equipment | 134,513 | 422,141 | 562,449 | 283,698 | 206,678 | 225,539 | 196,157 |
| Work in progress | - | 960,171 | - | - | - | - | - |
| Total property and equipment | 134,513 | 3,969,345 | 572,511 | 283,698 | 206,678 | 225,539 | 196,157 |
| Less accumulated depreciation | (118,754) | (429,906) | (423,243) | (251,642) | (164,331) | (165,890) | (152,220) |
| Total | \$ 15,759 | \$ 3,539,439 | \$ 149,268 | \$ 32,056 | \$ 42,347 | \$ 59,649 | \$ 43,937 |

See Note to Supplementary Information

47

Magnolia Educational & Research Foundation
Consolidating Schedule of Property and Equipment
Year Ended June 30, 2020

| | MSA 7 | MSA Bell | MSA Santa Ana | MSA San Diego | MPM Inc. / LLC | 2020 Consolidated | 2019 Consolidated |
|--------------------------------------|-------------------|------------------|----------------------|-------------------|----------------------|----------------------|----------------------|
| Land | \$ - | \$ - | \$ - | \$ - | \$ 2,566,854 | \$ 2,566,854 | \$ 2,566,854 |
| Building improvements | - | - | - | - | - | 2,360,135 | - |
| Building | 492,294 | - | 22,352,893 | - | 24,546,747 | 47,628,894 | 28,398,928 |
| Computer and equipment | 139,454 | 393,497 | 350,261 | 692,124 | - | 3,606,511 | 2,808,123 |
| Work in progress | - | - | - | - | 1,466,201 | 2,426,372 | 21,587,963 |
| Total property and equipment | 631,748 | 393,497 | 22,703,154 | 692,124 | 28,579,802 | 58,588,766 | 55,361,868 |
| Less accumulated depreciation | (126,818) | (316,459) | (2,235,157) | (402,476) | (1,156,195) | (5,943,091) | (4,871,177) |
| Total | \$ 504,930 | \$ 77,038 | \$ 20,467,997 | \$ 289,648 | \$ 27,423,607 | \$ 52,645,675 | \$ 50,490,691 |

See Note to Supplementary Information

48

Magnolia Educational & Research Foundation
Note to Supplementary Information
June 30, 2020 and 2019

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis cost rate.

The Schedule Reconciliation

The following schedule provides reconciliation between revenues reported on the consolidated Statement of Activities, and the related expenses reported on the schedule. The reconciling amounts consist primarily of State Charter School Facilities Incentive Grant Program funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2020. These unspent balances are reported as legally restricted ending balances within the Organization.

| Description | <u>CFDA Number</u> | <u>Amount</u> |
|--|------------------------|----------------------------|
| Total Federal Revenues reported on the consolidated financial statements | | \$ 2,847,974 |
| State Charter School Facilities Incentive Grant Program | 84.282D | <u>(178,636)</u> |
| Total Schedule of Expenditures of Federal Awards | | <u><u>\$ 2,669,338</u></u> |

Magnolia Educational & Research Foundation
Note to Supplementary Information
June 30, 2020

Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Consolidating Statement of Financial Position and Consolidating Statement of Activities

The Consolidating Statement of Financial Position and Consolidating Statement of Activities report the activities of the Organization and related entities and are presented on the accrual basis of accounting. Eliminating entries in the Consolidating Statement of Financial Position and Consolidating Statement of Activities are for activities between Organization and the related entities.

Foundation Only Comparative Statements

The accompanying foundation only comparative financial statements report the individual program of Magnolia Education & Research Foundation and are presented on the accrual basis of accounting.

Debt Covenants

Some of the Organization's loan agreements are subject to covenant clauses, whereby the Organization is required to meet certain key financial ratios. This schedule provides information related to the debt covenant ratios and related information.

Consolidating Schedule of Property and Equipment

The accompanying consolidating schedule of property and equipment present the comparative balances for Organization and the Subsidiaries property and equipment.

Independent Auditor's Reports
June 30, 2020

Magnolia Educational & Research Foundation

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Magnolia Educational & Research Foundation
Los Angeles, 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 Magnolia Educational & Research Foundation and Subsidiaries (the Organization) which comprise the consolidated statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
Magnolia Educational & Research Foundation
Los Angeles, California

Report on Compliance for the Major Federal Program

We have audited Magnolia Educational & Research Foundation's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2021

Magnolia Educational & Research Foundation
Summary of Auditor's Results
Year Ended June 30, 2020

FINANCIAL STATEMENTS

| | |
|--|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

FEDERAL AWARDS

| | |
|--|---------------|
| Internal control over major program: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No |

Identification of major programs:

| <u>Name of Federal Program or Cluster</u> | <u>CFDA Number</u> |
|--|--------------------|
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 |
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Magnolia Educational & Research Foundation

Financial Statement Findings

Year Ended June 30, 2020

The following finding represents significant deficiencies related to the consolidated financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

| Five Digit Code | AB 3627 Finding Type |
|-----------------|----------------------|
|-----------------|----------------------|

| | |
|-------|------------------|
| 30000 | Internal Control |
|-------|------------------|

2020-001 Code 30000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the Organization.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned costs

There are no questioned costs identified with the condition note.

Context

An accrual related to accounts receivable, prepaid expenses, accounts payable, and refundable advance were not recorded and accounted for.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accrual was during a transition period for new management making it difficult to implement this level of internal control to monitor year end accruals.

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that having an internal control system over monitoring the year end accruals is an important part of the Organization's overall internal control process. The Organization has created processes to monitor and implement these controls.

Magnolia Educational & Research Foundation
Federal Awards Findings and Questioned Costs
Year Ended June 30, 2020

None reported.

Magnolia Educational & Research Foundation
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Cover Sheet

Approval of MSA-1 Design Contract

| | |
|--------------------------|--|
| Section: | II. Action Items |
| Item: | C. Approval of MSA-1 Design Contract |
| Purpose: | Vote |
| Submitted by: | |
| Related Material: | Architect Selection for MSA-1 Projects.pdf |



Agenda Item #: II C: Action Item

Date: March 11, 2021

To: Magnolia Educational & Research Foundation dba Magnolia Public Schools
("MPS")

From: MPS Audit/Facilities Committee

Staff Lead: Patrick Ontiveros, General Counsel & Director of Facilities

RE: Approval of MSA-1 Design Contract for Capital Improvement Projects

I. Proposed Recommendation(s)

Move that the Board approve the selection of Franco Architects Inc. for design and engineering services for certain capital improvement projects (collectively, the "**Project**") at Magnolia Science Academy—1 ("**MSA-1**").

II. Background

MSA-1 filed for and received a zone change for its parking lot parcels from the City of Los Angeles. As a condition to the zone change, MSA-1 agreed to make certain improvements to the parcel that serves the MSA-1 middle school building. They include the following: (1) the fixing of drainage on the middle school parking lot; (2) the creation of an open green space and a concrete pad with a solar shade; (3) fencing surrounding the entire MSA-1 parking lot parcels; (4) the creation of a track; and (5) the installation of modular outdoor restrooms. MSA-1 wishes to undertake these improvements because it will assist the school during the current pandemic to allow for activities to take place outside. Looking to the future, having a good recreation and outdoor space will benefit the students and may in fact attract more students to the campus.

An architect's services are also needed to (1) obtain permits for the construction of the block wall at the back of the middle school parking lot, (2) modify the first floor interior of the middle school building to be level (the middle of the first floor is sunk as compared to the rest of the first floor) and (3) propose a paint scheme for the middle school building to complement the newly constructed high school building. The block wall at the rear of the middle school parking lot is required to be constructed under a settlement agreement with the neighbors who share the wall. MSA-1 would like to make the first floor level in order to increase the utility of the space.

In addition, in the current pandemic it is critical to undertake the Project now to provide MSA-1 the opportunity to use the outdoors for instruction.

March 11, 2021
Page 2 of 6



III. Procurement

A. Architect Selection

Staff solicited bids from four (4) design firms -- Franco Architects, Berliner Architects, CannonDesign (fka gkkworks), and David Ke Design Studio. Franco Architects was the architect for the MSA-1 high school building which included the redesign of the grading and drainage on the parking lot serving the high school building. Franco Architects also assisted with some of the master plan design work for the middle school parking lot that resulted in a zone change from "parking" to "commercial". Berliner was the architect of record on the MSA-Santa Ana project. Berliner also completed a feasibility study for MSA-1 on or about October 2012 so is familiar with the MSA-1 site. Before it was acquired by CannonDesign, gkkworks assisted with the master planning of the middle school and high school parking lots during the zone change application. CannonDesign is a large architecture and design firm with offices in most major U.S. cities. David Ke is a small design firm with whom we have not worked before. The firm had previously introduced itself to Staff. Based on its experience and thoughtful approach to design, Staff elected to include it in the RFP.

B. Bids

The original bid amounts received from each architect are summarized below. Each of Berliner Architects, CannonDesign, and David Ke explicitly noted what work was excluded from their scope while Franco Architects's bid did not. For example, Berliner Architects indicated that its fee was premised on a modular restroom being procured. If it was decided that the modular restroom was not cost effective or suitable then the its fee would increase to include the design of the restroom. It also indicated that it would evaluate pre-engineered solar shade structures versus a site built structure and if a structure needed to be designed, it would have to increase its fee.

| Firm | Bid |
|--------------------------------------|-----------|
| Franco Architects | \$61,000 |
| Berliner Architects | \$201,415 |
| CannonDesign (fka gkkworks) | \$314,000 |
| David Ke Design Collaborative Studio | \$175,930 |

Because CannonDesign's bid was significantly higher than the next highest bid, Staff ruled them out. A more detailed breakdown of each of the three other design firms' bids is set forth below.

| Category of Work | Design Firm | | |
|------------------|----------------------------|------------------------------------|-----------------------------|
| | Franco Architects* Cost | Berliner Architects Firm / Cost | David Ke DCS Firm / Cost |
| Structural | Not Specified | \$30,000.00 | \$7,500.00 |
| Electrical | Not Specified | \$12,150.00 | \$25,000.00 |
| Plumbing | Not Specified | included in structural fees | \$0.00 |
| Civil | Not Specified | \$41,000.00 | \$14,135.00 |
| Landscape | Not Specified | \$9,150.00 | \$52,730.00 |

March 11, 2021
Page 3 of 6



| Category of Work | Design Firm | | |
|---------------------------------|--|------------------------------------|-----------------------------|
| | Franco Architects [†] Cost | Berliner Architects Firm / Cost | David Ke DCS Firm / Cost |
| Geotech | Not Specified | Not included | \$6,900.00 |
| Architecture Fee [†] | Not Specified | \$99,615.00 | \$69,665.00 |
| Reimbursable Fees (estimate) | At Cost/ Not Specified | \$9,500.00 [‡] | Not specified |
| TOTAL | \$61,000.00 | \$201,415.00 | \$175,930.00 |

Notes:

- * Franco Architect broke down their fees by effort.
 - Site Work (track, field, landscaping, site plumbing engineering)
 - Proto Wall Permit
 - Raising the floor on the first floor of the middle school building
 - Design paint scheme for middle school building
- † Berliner Architecture Fee is consists of both an architect's fee and a subcontractor coordination fee
- ‡ Cost plus 7.5%

Staff originally recommended that the Committee approve the selection of Franco Architects as the architect. Concerned about the disparity between the Franco bid and the other bids, the Committee asked Staff to delve further into the bids to insure that no scope was missing from the Franco bid. Since CannonDesign's bid is 55% greater than the next largest bid from Berliner Architects, Staff did not pursue their bid any further. Staff also used this opportunity to approach Berliner and David Ke to challenge them to tighten up their bid (i.e., lower it) and to split it into two scopes – the site work and the middle school structural work. Franco Architects was also directed to split their scope into the two scopes and provide a breakdown by subcontractor. Moreover, due to its dismal performance on the high school construction project, Franco Architects was instructed to substitute a different plumbing engineer for the original plumbing engineer, Hyle Engineering.

c. RFP Revised Bids

Each of Franco Architects, Berliner Architects and David Ke submitted revisions to their original estimates. Franco Architects clarified the exclusions to their bid. A summary of the revised bids is shown below.

| Firm / Scope | Bid |
|---------------------|---------------------------|
| Franco Architects | |
| Site Work | \$38,900.00 |
| Middle School Bldg | \$35,000.00 |
| TOTAL | \$73,900.00 |
| Berliner Architects | |
| Site Work | \$184,043.00 [†] |
| Middle School Bldg | \$21,400.00 |
| TOTAL | \$205,443.00 |

March 11, 2021
Page 4 of 6



| Firm / Scope | Bid |
|--------------------|---------------------------|
| David Ke DCS | |
| Site Work | \$150,775.00 [‡] |
| Middle School Bldg | \$7,200.00 |
| TOTAL | \$157,975.00 |

Notes:

† Berliner includes "off-site work" as part of this scope – street improvements & alley improvements

‡ David Ke included off site work as an alternate. For illustrative purposes, the amount \$5,300 is added to the site work of \$145,475.

A more detailed breakdown of each of the firms revised bids by Scope is set forth below.

Site Improvements

| Category of Work | Design Firm | | |
|------------------------------|-------------------------|--------------------------|---------------------|
| | Franco Architects* Cost | Berliner Architects Cost | David Ke DCS Cost |
| Structural | \$2,200.00 | \$25,000.00 | \$7,500.00 |
| Electrical | \$4,300.00 | \$11,150.00 | \$23,000.00 |
| Plumbing | \$3,700.00 | Not Included | Not Included |
| Civil | \$4,000.00 | \$36,000.00 | \$17,800.00 |
| Landscape | \$5,700.00 | \$9,150.00 | \$41,310.00 |
| Geotech | Not included | Not included | \$6,900.00 |
| Architecture Fee | \$19,000.00 | \$90,000.00 | \$54,265.00 |
| Reimbursable Fees (estimate) | Not included | \$4,065.00 | Not Included |
| TOTAL | \$38,900.00 | \$184,043.00 | \$150,775.00 |

Middle School Building Improvements

| Category of Work | Design Firm | | |
|-------------------------------|------------------------|---------------------------------|--------------------------|
| | Franco Architects Cost | Berliner Architects Firm / Cost | David Ke DCS Firm / Cost |
| Structural | \$12,500.00 | \$5,000.00 | \$0.00 |
| Electrical | Not Included | \$3,000.00 | \$0.00 |
| Architecture Fee [†] | \$22,500.00 | \$12,000.00 | \$7,200.00 |
| Sub Coordination Fee | Not Included | \$400.00 | \$0.00 |
| Reimbursable Fees (estimate) | Not Included | \$1,000.00 | \$0.00 |

March 11, 2021
Page 5 of 6



Middle School Building Improvements

| Category of Work | Design Firm | | |
|------------------|---------------------------|------------------------------------|-----------------------------|
| | Franco Architects Cost | Berliner Architects Firm / Cost | David Ke DCS Firm / Cost |
| TOTAL | \$35,000.00 | \$21,400.00 | \$7,200.00 |

Staff reviewed the revised proposals for completeness. Staff is satisfied that the proposals included all pertinent scope. In particular, Franco Architects clarified the exclusions from its scope.

In order to “normalize” the bids so that they all include the same costs, Staff created the following table to include any costs included by one architect but not others that may be reasonably anticipated to be part of the Project.

All Scope

| Category of Work | Design Firm | | |
|---------------------------------|----------------------------|-----------------------------|----------------------|
| | Franco Architects* Cost | Berliner Architects Cost | David Ke DCS Cost |
| Structural | \$14,500.00 | \$30,000.00 | \$61,465.00 |
| Electrical | \$23,000.00* | \$14,150.00 | \$23,000.00 |
| Plumbing | \$3,700.00 | \$3,700.00* | \$3,700.00* |
| Civil | \$17,800.00 | \$36,000.00 | \$17,800.00 |
| Landscape | \$9,150.00* | \$9,150.00 | \$41,310.00 |
| Geotech | \$6,900.00* | \$6,900.00* | \$6,900.00 |
| Elevator Engineer | \$10,000.00* | \$10,000.00* | \$10,000.00* |
| Architecture Fee | \$19,000.00 | \$102,000.00 | \$54,265.00 |
| Sub Coordination Fee† | \$0.00 | \$4,465.00 | \$0.00 |
| Reimbursable Fees (estimate) | \$9,500.00* | \$9,678.00 | \$9,500.00* |
| TOTAL | \$113,550.00 | \$226,043.00 | \$227,940.00 |

Notes:

* Adjusted amounts

† No consultant coordination fees are added to either Franco Architects or David Ke fees

None include an elevator engineer. Berliner Architects included estimates for reimbursable expenses but the other firms did not. Therefore, appropriate allowances were included in the table above for each of these two categories.

For all proposals, all assume that the solar shade structure and the restroom structure will be “design build” or “modular”, meaning that a vendor will be identified and they will be responsible for designing and permitting the structure. Each design firm will assist in identifying vendors to provide these services.

March 11, 2021
Page 6 of 6



IV. Conclusion

Each of the design firms that responded to the targeted RFP are capable and talented architects. However, based on the revised RFP responses and their respective fees, Staff recommends that Franco Architects be selected to provide the design services for the Project. Their price is the most affordable even accounting for exclusions. Staff is satisfied that both scopes of work are sufficiently straightforward – for example, the requirements for the site work are clearly laid out in the zone change documents. None of the issues from the high school new construction project that caused delays and cost over-runs (a roof top play area, for example) are present.

To double check its conclusion, Staff discussed the Project with Oltmans Construction, the general contractor that constructed the high school building. They opined that none of the change orders from the high school project were red flags for them, except that they did not find the plumbing engineer's performance adequate. The plumbing engineer in their original proposal was replaced in the revised proposal per Staff's request.

Cover Sheet

Approval of the 2nd Interim Reports for Fiscal Year 2020-2021

| | |
|--------------------------|--|
| Section: | II. Action Items |
| Item: | D. Approval of the 2nd Interim Reports for Fiscal Year 2020-2021 |
| Purpose: | Vote |
| Submitted by: | |
| Related Material: | MPS Second Interim Budget Reports FY 2020-21.pdf |



| | |
|---------------------|--|
| Board Agenda Item # | II D: Action Item |
| Date: | March 11, 2021 |
| To: | Magnolia Board of Directors |
| From: | Alfredo Rubalcava, CEO & Superintendent |
| Staff Lead: | Serdar Orazov, Chief Financial Officer |
| RE: | Approval of Revised Budgets & 2nd Interim Reports FY 2020-21 |

Proposed Board Motion

I move that the board approve the 2020-21 revised current year budget and submit the same as Second Interim Reports for fiscal year 2020-21.

Background

Local educational agencies (LEAs) are required to file two interim reports during a fiscal year on the status of the LEA's financial condition. The first interim report (July- October) is due every December 15 while the second interim report (July-January) is due every March 15. The revised budget presented today includes the following revisions and assumptions:

- Enrollment is based on FY19/20 P2 student count with exception for schools that applied for growth funding (MSA-1, 5, 6, SA and SD)
- Any changes in the revenues are adjusted accordingly
- Revised budgeted expenditures

Budget Implications

Budget adjustments and revisions are reflected in the attached schedule comparing FY 2020-21 First Interim Revised Budgets vs FY 2020-21 Proposed Budget/Second Interim Report

1. Exhibits (attachments):
 - 2020-21 Board Adopted Budget (First Interim Budget) vs 2020-21 Proposed Budget/Second Interim Report



2020-21 Second Interim Budget

March 2021 Board Meeting



2020-21 Second Interim Budget: Executive Summary

- This Second Interim Budget is based on the latest available information regarding state funding, deferrals, approved one-time state and federal stimulus, the attendance freeze, and all other considerations. It is important to note that there are two substantial additional stimulus packages currently pending approval, one at the state level (SB 86) and one at the federal level (the \$1.9 trillion ARPA act). If approved, each of these would add substantial revenues (millions of dollars) over the revenues shown here to be used toward reopening and bridging the academic gaps resulting from closure.
- Based on the latest budget changes including adjustments to expenditures reflecting additional costs of distance learning and other changes since the original budget was approved, here are the budget results:
 - **Average Daily Attendance of 3,779, unchanged from First Interim**
 - **Revenues of \$60.85 million, up \$0.22m from First Interim**
 - **Expenditures of \$57.01 million, down \$0.96m from the original budget**
 - **Net operating surplus of \$3.82m, up \$1.17m from the original budget**
- While MPS overall cash position is very solid with a low point of \$18.6 million in June, MSA-SA and MSA-SD may require temporary cash flow support in April and May to cover the impact of state deferrals. We will work closely with MPS staff to ensure adequate cash flow coverage and full bond covenant compliance.
- As a note all current projects include SB820 Growth Funding. We were later informed by the CDE MSA-SA, MSA-SD did not receive growth funding due to lower than expected enrollment numbers.

2020-21 Second Interim Budget: Executive Summary Table

| MSA Consolidated | Revised Budget | July-January Actuals | Second Interim Budget | Change from First Interim Budget | Primary Reasons For Variance (see budget detail for all changes) |
|---------------------------------------|-----------------------|-----------------------------|------------------------------|---|---|
| Projected Average Daily Attendance | 3,875 | | 3,875 | - | Limited Growth as per formula |
| SUMMARY | | | | | |
| Revenues | | | | | |
| LCFF Entitlement | 41,922,933 | 20,559,449 | 42,120,796 | 197,863 | Limited ADA growth as per SB 820 formula |
| Federal Revenues | 7,557,834 | 4,926,826 | 7,550,729 | (7,105) | |
| Other State Revenues | 5,408,280 | 2,624,594 | 5,448,663 | 40,383 | |
| Other Local Revenues | 5,747,231 | 2,663,146 | 5,731,472 | (15,759) | |
| Total Revenues | 60,636,278 | 30,774,015 | 60,851,660 | 215,382 | |
| Expenditures | | | | | |
| Salaries & Benefits | 35,436,953 | 18,846,584 | 35,576,445 | 139,492 | Updated to actual staffing levels |
| Books and Supplies | 4,139,464 | 1,135,062 | 2,792,676 | (1,346,787) | Includes COVID spending |
| Services and Operating Exp. | 16,878,680 | 7,491,132 | 16,883,009 | 4,329 | Updated to actual service levels |
| Depreciation & Cap Outlay | 923,654 | 504,065 | 1,142,183 | 218,529 | |
| Other Outflows | 600,165 | 373,521 | 633,954 | 33,789 | |
| Total Expenditures | 57,978,915 | 28,350,364 | 57,028,267 | (950,648) | |
| Net Revenues | 2,657,362 | 2,423,651 | 3,823,392 | 1,166,030 | |
| Beginning Balance (Unaudited) | 28,374,667 | | 28,374,667 | | |
| Net Revenues in 2020-21 | 2,657,362 | | 3,823,392 | | |
| Ending Balance (June 30, 2021) | 31,032,029 | | 32,198,059 | | |
| Components of Fund Balance | | | | | |
| Available For Econ. Uncertainties | 20,276,876 | 35.0% of Exp. | 23,320,758 | 40.9% of Exp. | |
| Restricted Fund Balances | 775,426 | 1.3% of Exp. | 1,148,277 | 2.0% of Exp. | |
| Net Fixed Assets | 7,483,124 | 12.9% of Exp. | 7,729,025 | 13.6% of Exp. | |
| Ending Fund Balance | 28,535,426 | 49.2% of Exp. | 32,198,059 | 56.5% of Exp. | |

2020-21 Second Interim Budget: Budget By Site

2020-21 SECOND INTERIM BUDGET - BY SITE

| | MSA-1 | MSA-2 | MSA-3 | MSA-4 | MSA-5 | MSA-6 | MSA-7 | MSA-8 | MSA-SA | MSA-SD | MERF | TOTAL |
|---------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Enrollment | 700 | 435 | 497 | 131 | 310 | 160 | 292 | 482 | 575 | 465 | | 4,047 |
| Attendance (P-2 ADA) | 681 | 419 | 468 | 122 | 296 | 151 | 277 | 461 | 557 | 443 | | 3,875 |
| Revenue | | | | | | | | | | | | |
| LCFF Entitlement | 7,966,760 | 4,789,071 | 5,034,004 | 1,431,301 | 3,514,892 | 1,594,751 | 2,988,643 | 4,787,196 | 6,247,026 | 3,767,152 | - | 42,120,796 |
| Federal Revenue | 1,356,304 | 957,559 | 817,268 | 308,218 | 571,146 | 291,072 | 500,284 | 926,408 | 1,443,937 | 378,531 | - | 7,550,729 |
| Other State Revenues | 1,471,815 | 399,046 | 556,147 | 121,905 | 311,130 | 228,935 | 621,589 | 580,004 | 670,535 | 487,558 | - | 5,448,663 |
| Other Local Revenues | 81,934 | 62,310 | 29,514 | 9,823 | 1,867 | 15,642 | 15,756 | 5,500 | 33,106 | 84,557 | 5,391,463 | 5,731,472 |
| Total Revenue | 10,876,813 | 6,207,986 | 6,436,932 | 1,871,247 | 4,399,035 | 2,130,400 | 4,126,273 | 6,299,108 | 8,394,604 | 4,717,799 | 5,391,463 | 60,851,660 |
| Expenses | | | | | | | | | | | | |
| Certificated Salaries | 3,412,699 | 2,344,603 | 2,246,222 | 803,642 | 1,411,342 | 786,686 | 1,325,046 | 2,101,233 | 2,855,185 | 1,696,593 | 794,204 | 19,777,456 |
| Classified Salaries | 776,325 | 564,262 | 661,744 | 150,696 | 337,616 | 173,408 | 426,975 | 667,617 | 691,323 | 324,254 | 1,800,228 | 6,574,446 |
| Benefits | 1,396,742 | 948,714 | 1,018,136 | 317,769 | 629,899 | 326,682 | 572,539 | 894,938 | 1,315,152 | 699,390 | 1,104,582 | 9,224,543 |
| Books and Supplies | 476,366 | 302,696 | 219,859 | 133,000 | 229,200 | 83,761 | 240,251 | 454,601 | 359,253 | 132,093 | 161,595 | 2,792,676 |
| Services and Operations | 3,408,506 | 1,486,517 | 1,956,099 | 413,091 | 1,018,019 | 596,199 | 1,436,869 | 1,906,569 | 1,679,042 | 1,509,738 | 1,472,360 | 16,883,009 |
| Depreciation / Cap Outlay | 146,000 | 84,259 | 36,616 | 18,835 | 43,496 | 21,394 | 54,711 | 103,872 | 587,000 | 45,000 | 1,000 | 1,142,183 |
| Other Outflows | 22,000 | - | - | - | - | - | - | 8,289 | 600,165 | 3,500 | - | 633,954 |
| Total Expenses | 9,638,638 | 5,731,052 | 6,138,677 | 1,837,033 | 3,669,572 | 1,988,129 | 4,056,391 | 6,137,119 | 8,087,120 | 4,410,568 | 5,333,969 | 57,028,267 |
| Net Revenue | 1,238,176 | 476,935 | 298,256 | 34,214 | 729,463 | 142,271 | 69,881 | 161,989 | 307,484 | 307,230 | 57,495 | 3,823,392 |
| Fund Balance | | | | | | | | | | | | |
| Beginning Balance * | 5,138,251 | 1,600,557 | 794,205 | 713,471 | 2,067,563 | 1,821,121 | 1,788,847 | 4,748,827 | 7,542,333 | 300,163 | 1,859,330 | 28,374,667 |
| Net Revenue | 1,238,176 | 476,935 | 298,256 | 34,214 | 729,463 | 142,271 | 69,881 | 161,989 | 307,484 | 307,230 | 57,495 | 3,823,392 |
| Projected Ending Balance | 6,376,427 | 2,077,492 | 1,092,461 | 747,685 | 2,797,026 | 1,963,391 | 1,858,729 | 4,910,816 | 7,849,816 | 607,393 | 1,916,825 | 32,198,059 |
| Ending Bal. as % of Exp.: | 66.2% | 36.2% | 17.8% | 40.7% | 76.2% | 98.8% | 45.8% | 80.0% | 97.1% | 13.8% | 35.9% | 56.5% |

* from Unaudited Actuals

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | |
|--|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| CONSOLIDATED | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Projected Average Daily Attendance: | | | | | | | | | 3,947 | 3,779 | 3,779 | - |
| SUMMARY | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | |
| LCFF Entitlement | 771,708 | 2,103,288 | 3,855,613 | 3,357,503 | 2,989,547 | 3,036,910 | 4,379,342 | 20,559,449 | 38,715,279 | 41,922,933 | 42,120,796 | 197,863 | 49% |
| Federal Revenue | 14,935 | 78,859 | 3,969,049 | 78,872 | 37,207 | 151,400 | 598,267 | 4,926,826 | 3,672,758 | 7,557,834 | 7,550,729 | (7,105) | 65% |
| Other State Revenues | 112,008 | 238,541 | 697,170 | 169,459 | 227,138 | 417,925 | 762,353 | 2,624,594 | 4,889,433 | 5,408,280 | 5,448,663 | 40,383 | 48% |
| Other Local Revenues | 2,797 | 2,993 | 565,236 | 110,205 | 2,034 | 1,122,831 | 857,049 | 2,663,146 | 5,060,420 | 5,747,231 | 5,731,472 | (15,759) | 46% |
| Total Revenue | 901,448 | 2,423,682 | 9,087,068 | 3,716,039 | 3,255,926 | 4,729,065 | 6,597,012 | 30,774,015 | 52,337,890 | 60,636,278 | 60,851,660 | 215,382 | 51% |
| Expenditures | | | | | | | | | | | | | |
| Certificated Salaries | 965,520 | 1,031,082 | 1,546,348 | 1,561,115 | 1,583,888 | 1,582,422 | 2,326,998 | 10,597,373 | 19,731,317 | 19,834,577 | 19,777,456 | (57,122) | 54% |
| Classified Salaries | 208,756 | 450,525 | 499,567 | 546,422 | 529,278 | 539,976 | 808,024 | 3,582,548 | 5,831,025 | 6,702,341 | 6,574,446 | (127,895) | 54% |
| Benefits | 224,850 | 634,494 | 720,878 | 794,138 | 730,559 | 722,798 | 837,936 | 4,666,663 | 9,627,389 | 8,900,034 | 9,224,543 | 324,509 | 51% |
| Books and Supplies | 43,506 | 26,705 | 217,949 | 285,283 | 155,755 | 282,583 | 134,784 | 1,135,062 | 1,432,225 | 4,139,464 | 2,792,676 | (1,346,787) | 41% |
| Services and Operating Exp. | 564,263 | 524,057 | 1,147,767 | 858,128 | 794,356 | 1,808,254 | 1,794,307 | 7,491,132 | 13,851,302 | 16,878,680 | 16,883,009 | 4,329 | 44% |
| Depreciation & Cap Outlay | 15,110 | 15,110 | 15,110 | 17,867 | 17,867 | 404,926 | 18,073 | 504,065 | 888,488 | 923,654 | 1,142,183 | 218,529 | 44% |
| Other Outflows | 68,792 | 34,000 | 124,363 | 36,796 | 34,000 | 41,570 | 34,000 | 373,521 | 600,165 | 600,165 | 633,954 | 33,789 | 59% |
| Total Expenditures | 2,090,797 | 2,715,973 | 4,271,984 | 4,099,750 | 3,845,703 | 5,382,530 | 5,954,122 | 28,350,364 | 51,961,911 | 57,978,915 | 57,028,267 | (950,648) | 50% |
| Net Revenues | | | | | | | | 2,423,651 | 375,979 | 2,657,362 | 3,823,392 | 1,166,030 | |
| | | | | | | | | | Fund Balance | | | | |
| | | | | | | | | | Beginning Balance (Unaud.) | | 28,374,667 | | |
| | | | | | | | | | Net Revenues | | 3,823,392 | | |
| | | | | | | | | | Ending Fund Balance | | 32,198,059 | | |
| | | | | | | | | | Components of Fund Bal. | | | | |
| | | | | | | | | | Available For Econ. Uncert. | | 23,320,758 | 40.9% of Expenditures | |
| | | | | | | | | | Restricted Balances (Est.) | | 1,148,277 | 2.0% of Expenditures | |
| | | | | | | | | | Net Fixed Assets | | 7,729,025 | 13.6% of Expenditures | |
| | | | | | | | | | Ending Fund Balance | | 32,198,059 | 56.5% of Expenditures | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | Year To Date | | | | | | | Annual Budget | | | | |
|--|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-----------------------|------------------------------|-----------------------------|--------------------------------|
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim |

CONSOLIDATED

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | 288,920 | 1,143,640 | 1,434,173 | 2,117,536 | 2,117,950 | 2,117,536 | 2,116,708 | 11,402,001 | 24,646,975 | 24,642,802 | 24,765,228 | 122,426 | 13,240,801 |
| 8012 EPA Entitlement | - | - | 1,437,155 | - | - | 47,361 | 1,389,793 | 2,874,309 | 3,660,459 | 5,911,544 | 5,986,981 | 75,437 | 3,037,235 |
| 8019 Prior Year Adjustments | (2,191) | (10,312) | (414) | 198,924 | (414) | - | 828 | 186,421 | - | - | - | - | (186,421) |
| 8096 InLieuPropTaxes | 484,979 | 969,960 | 984,699 | 1,041,043 | 872,011 | 872,013 | 872,013 | 6,096,718 | 10,407,845 | 11,368,587 | 11,368,587 | - | 5,271,869 |
| SUBTOTAL - LCFF Entitlement | 771,708 | 2,103,288 | 3,855,613 | 3,357,503 | 2,989,547 | 3,036,910 | 4,379,342 | 20,559,449 | 38,715,279 | 41,922,933 | 42,120,796 | 197,863 | 21,363,483 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|---------------|---------------|------------------|---------------|---------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------|------------------|
| 8181 SpEd - Revenue | 12,280 | 24,559 | 16,373 | 16,373 | 16,374 | 16,373 | 16,373 | 118,705 | 569,256 | 563,029 | 557,855 | (5,174) | 444,324 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | 2,655 | 54,300 | 3,952,676 | 62,499 | 20,833 | 135,027 | 581,894 | 4,808,121 | 3,103,502 | 6,994,805 | 6,992,874 | (1,931) | 2,186,684 |
| SUBTOTAL - Federal Revenue | 14,935 | 78,859 | 3,969,049 | 78,872 | 37,207 | 151,400 | 598,267 | 4,926,826 | 3,672,758 | 7,557,834 | 7,550,729 | (7,105) | 2,631,008 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|---------------|------------------|
| 8311 SpEd Revenue | 112,008 | 238,541 | 199,583 | 152,007 | 207,286 | 218,060 | 199,583 | 1,327,067 | 2,060,191 | 2,334,354 | 2,379,861 | 45,508 | 1,007,286 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | 19,852 | 72,790 | - | 92,642 | 94,673 | 89,627 | 97,096 | 7,469 | (3,015) |
| 8560 StateLotteryRev | - | - | 18,647 | 17,452 | - | 11,662 | 173,408 | 221,169 | 839,859 | 766,246 | 766,246 | - | 545,076 |
| 8590 AllOthStateRev | - | - | 478,940 | - | - | 115,413 | 389,362 | 983,715 | 1,894,710 | 2,218,054 | 2,205,461 | (12,594) | 1,234,339 |
| SUBTOTAL - Other State Revenue | 112,008 | 238,541 | 697,170 | 169,459 | 227,138 | 417,925 | 762,353 | 2,624,594 | 4,889,433 | 5,408,280 | 5,448,663 | 40,383 | 2,783,686 |

Local Revenue

| | | | | | | | | | | | | | |
|---------------------------------|--------------|--------------|----------------|---------------|------------|------------------|----------------|------------------|------------------|------------------|------------------|--------------|------------------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | 2,228 | 2,228 | 2,228 | - | 2,228 |
| 8634 StudentLunchFee | - | - | - | 2,241 | - | - | - | 2,241 | - | - | 2,241 | 2,241 | (2,241) |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | 783 | 758 | 10,193 | 4,093 | 505 | 7,893 | 698 | 24,922 | 10,628 | 10,628 | 10,628 | - | (14,294) |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | 25,000 | 25,000 | - | 25,000 |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | 367,236 | - | 367,236 | 777,775 | 860,375 | 860,375 | - | 493,139 |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | 332,440 | - | 332,440 | 704,858 | 794,858 | 794,858 | - | 462,418 |
| 8703 CMO Fee - MSA-3 | - | - | 215,132 | 71,711 | - | 153,842 | 73,447 | 514,131 | 777,775 | 860,526 | 860,526 | - | 346,395 |
| 8704 CMO Fee - MSA-4 | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | 34,028 | 37,647 | 37,647 | - | 15,154 |
| 8705 CMO Fee - MSA-5 | - | - | 118,824 | 39,608 | - | 70,707 | 38,190 | 267,328 | 475,295 | 475,295 | 475,295 | - | 207,967 |
| 8706 CMO Fee - MSA-6 | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | 34,028 | 37,648 | 37,648 | - | 15,155 |
| 8707 CMO Fee - MSA-7 | - | - | 107,566 | 35,855 | - | 76,921 | 36,724 | 257,066 | 388,887 | 430,263 | 430,263 | - | 173,197 |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | 367,237 | 367,237 | 777,775 | 860,525 | 860,525 | - | 493,289 |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | 332,808 | 332,808 | 573,775 | 860,526 | 860,526 | - | 527,718 |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | 72,416 | - | 72,416 | 185,456 | 173,800 | 173,800 | - | 101,384 |
| 8699 Other Revenue | - | - | 766 | 3,000 | 54 | 9,187 | 1 | 13,008 | 20,974 | 20,974 | 20,974 | - | 7,966 |
| 8980 Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 Misc Revenue (Suspense) | 700 | 1,436 | 93,912 | (85,593) | - | (10,495) | 40 | (0) | - | - | - | - | 0 |
| SUBTOTAL - Local Revenue | 1,483 | 2,194 | 565,216 | 77,189 | 559 | 1,093,608 | 855,570 | 2,595,820 | 4,763,482 | 5,450,293 | 5,452,534 | 2,241 | 2,854,474 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| CONSOLIDATED | | | | | | | | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | 799 | - | 25,135 | 7 | 6,942 | 900 | 33,784 | 7,205 | 7,205 | 9,205 | 2,000 | (26,579) |
| 8803 | Fundraising | 1,314 | - | 20 | 7,880 | 1,468 | 22,280 | 579 | 33,542 | 289,733 | 289,733 | 269,733 | (20,000) | 256,191 |
| SUBTOTAL - Fundraising & Grants | | 1,314 | 799 | 20 | 33,016 | 1,475 | 29,222 | 1,479 | 67,326 | 296,938 | 296,938 | 278,938 | (18,000) | 229,612 |
| TOTAL REVENUE | | 901,448 | 2,423,682 | 9,087,068 | 3,716,039 | 3,255,926 | 4,729,065 | 6,597,012 | 30,774,015 | 52,337,890 | 60,636,278 | 60,851,660 | 215,382 | 29,862,263 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 687,620 | 658,902 | 1,220,713 | 1,229,849 | 1,252,911 | 1,248,678 | 1,842,279 | 8,140,952 | 15,373,882 | 15,384,522 | 15,365,779 | (18,744) | 7,243,571 |
| 1300 | Cert Adminis | 277,901 | 372,179 | 325,635 | 331,266 | 330,976 | 333,744 | 484,719 | 2,456,422 | 4,357,435 | 4,450,055 | 4,411,677 | (38,378) | 1,993,633 |
| SUBTOTAL - Certificated Salaries | | 965,520 | 1,031,082 | 1,546,348 | 1,561,115 | 1,583,888 | 1,582,422 | 2,326,998 | 10,597,373 | 19,731,317 | 19,834,577 | 19,777,456 | (57,122) | 9,237,204 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 24,851 | 52,629 | 121,533 | 124,406 | 123,826 | 141,022 | 177,059 | 765,325 | 1,671,255 | 1,917,977 | 1,936,388 | 18,411 | 1,152,652 |
| 2200 | Classified Support | 31,080 | 66,825 | 95,403 | 94,076 | 92,254 | 94,687 | 150,869 | 625,193 | 1,044,631 | 1,290,220 | 1,286,220 | (4,000) | 665,027 |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 125,994 | 277,797 | 230,133 | 275,108 | 258,611 | 255,707 | 400,178 | 1,823,528 | 2,549,771 | 2,909,788 | 2,776,970 | (132,818) | 1,086,260 |
| 2900 | OtherClassStaff | 26,831 | 53,275 | 52,499 | 52,833 | 54,586 | 48,560 | 79,919 | 368,501 | 565,368 | 584,356 | 574,868 | (9,488) | 215,855 |
| SUBTOTAL - Classified Salaries | | 208,756 | 450,525 | 499,567 | 546,422 | 529,278 | 539,976 | 808,024 | 3,582,548 | 5,831,025 | 6,702,341 | 6,574,446 | (127,895) | 3,119,794 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 35,521 | 156,009 | 233,931 | 236,638 | 237,493 | 244,262 | 356,595 | 1,501,459 | 3,290,902 | 2,909,164 | 3,045,460 | 136,297 | 1,407,704 |
| 3102 | STRS-Classified | 4,320 | 10,858 | 11,375 | 18,340 | 15,818 | 14,206 | 22,214 | 97,131 | 365,743 | 271,273 | 271,273 | - | 174,142 |
| 3201 | PERS-Cert | 1,108 | 3,281 | 4,659 | 3,847 | 3,348 | 2,415 | 3,623 | 22,283 | - | 8,861 | 8,861 | - | (13,422) |
| 3202 | PERS-Classified | 23,358 | 50,749 | 65,698 | 65,483 | 66,072 | 69,445 | 97,886 | 438,691 | 697,921 | 945,563 | 966,459 | 20,897 | 506,872 |
| 3301 | OASDI/Med-Cert | 16,489 | 23,404 | 33,835 | 34,231 | 34,223 | 34,104 | 49,754 | 226,041 | 432,903 | 288,140 | 432,706 | 144,565 | 62,100 |
| 3302 | OASDI/Med-Class | 14,023 | 30,785 | 33,650 | 34,115 | 34,501 | 35,543 | 52,329 | 234,947 | 403,190 | 453,509 | 387,698 | (65,810) | 218,562 |
| 3401 | HlthWelfareCert | 60,955 | 289,094 | 305,704 | 238,636 | 217,746 | 262,634 | 180,092 | 1,554,860 | 2,729,376 | 2,755,962 | 2,761,869 | 5,907 | 1,201,102 |
| 3402 | HlthWelfareCert | 2,252 | 41,458 | 2,136 | 135,842 | 70,667 | 34,050 | 28,085 | 314,491 | 1,162,132 | 846,368 | 860,621 | 14,254 | 531,877 |
| 3501 | UI-Certificated | 967 | 2,723 | 1,426 | 335 | 5,480 | 3 | 9,898 | 20,831 | 137,830 | 23,601 | 28,027 | 4,426 | 2,769 |
| 3502 | UI-Classified | - | 398 | 157 | 710 | 217 | 113 | 8,659 | 10,254 | 31,744 | 10,800 | 10,130 | (670) | 546 |
| 3601 | WorkersCmp-Cert | 63,586 | 21,196 | 23,759 | 21,196 | 40,275 | 21,196 | 21,195 | 212,403 | 262,986 | 327,988 | 338,729 | 10,741 | 115,585 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | 112,652 | - | 112,651 | 112,651 | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | 14 | 14 | - | - | 25 | 25 | (14) |
| 3902 | OthBenes-Class | 2,269 | 4,539 | 4,548 | 4,765 | 4,719 | 4,826 | 7,590 | 33,257 | 10 | 58,807 | 35 | (58,772) | 25,550 |
| SUBTOTAL - Employee Benefits | | 224,850 | 634,494 | 720,878 | 794,138 | 730,559 | 722,798 | 837,936 | 4,666,663 | 9,627,389 | 8,900,034 | 9,224,543 | 324,509 | 4,233,371 |

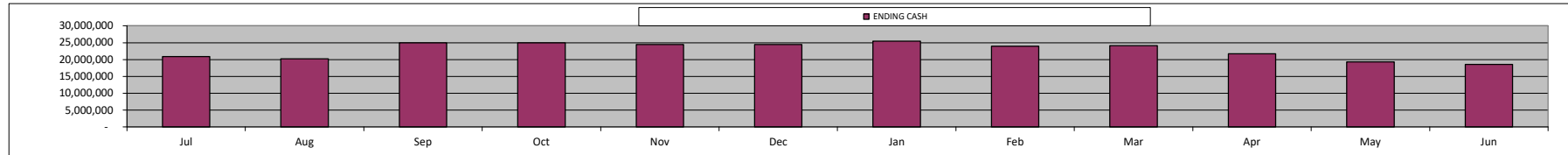
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------------------|-------------------|--------------------------------|--------------------------------------|--------------------------------|--|
| CONSOLIDATED | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Current Board- | | | | | |
| | | | | | | | | | Adopted July 1 Budget | Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 Text&CoreCurric | - | - | 12,811 | 39,154 | 1,986 | 31,468 | 8,087 | 93,505 | 144,814 | 226,441 | 243,860 | 17,419 | 132,936 | |
| 4200 BooksOthRefMats | - | - | - | - | - | - | - | - | 10,000 | 12,013 | 12,013 | - | 12,013 | |
| 4300 Ins Mats & Sups 2 | - | - | - | - | - | - | 900 | 900 | - | 60,992 | 12,253 | (48,739) | 60,092 | |
| 4310 Ins Mats & Sups | 1,500 | 3,028 | 12,092 | 5,110 | 24,765 | 5,784 | 14,242 | 66,522 | 180,146 | 222,066 | 217,062 | (5,004) | 155,545 | |
| 4315 OthrSupplies | - | - | - | 404 | - | 441 | 920 | 1,765 | 15,546 | 22,546 | 22,546 | - | 20,781 | |
| 4320 Office Supplies | 451 | 240 | 2,317 | 6,244 | 3,636 | 3,846 | 1,391 | 18,125 | 18,000 | 150,415 | 113,815 | (36,600) | 132,290 | |
| 4325 ProfDevMat&Sups | - | - | - | 719 | - | - | - | 719 | - | 900 | 900 | - | 181 | |
| 4326 Arts&MusicSupps | - | - | - | - | 17 | - | - | 17 | 5,000 | 21,650 | 18,650 | (3,000) | 21,633 | |
| 4335 PE Supplies | - | - | 1,081 | - | - | - | - | 1,081 | 2,500 | 6,000 | 6,000 | - | 4,919 | |
| 4340 Educat Software | - | 11,544 | 132,603 | 90,841 | 19,484 | 21,091 | 47,439 | 323,002 | 451,682 | 625,264 | 630,219 | 4,956 | 302,262 | |
| 4345 NonInstStdntSup | 41,405 | (16,142) | 47,955 | 105,927 | 58,827 | 129,296 | 42,482 | 398,248 | 78,945 | 815,908 | 794,737 | (21,171) | 417,660 | |
| 4346 TeacherSupplies | - | - | 409 | 300 | - | - | 35 | 744 | 4,500 | 7,500 | 7,500 | - | 6,756 | |
| 4350 Cust. Supplies | - | 9,368 | 6,247 | 2,725 | 8,778 | 4,004 | 4,743 | 35,864 | 37,500 | 102,000 | 118,000 | 16,000 | 66,136 | |
| 4351 Yearbook | (240) | (124) | - | - | - | - | - | (364) | 1,256 | 1,256 | 1,256 | - | 1,620 | |
| 4390 Uniforms | - | - | - | - | - | - | - | - | 6,000 | 3,000 | 3,000 | - | 3,000 | |
| 4400 NonCapEquip-Gen | - | 7,432 | - | 4,497 | (6,441) | 7,037 | 4,869 | 17,394 | 2,500 | 68,546 | 82,046 | 13,500 | 51,153 | |
| 4410 ClsrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | 7,500 | 7,500 | - | 7,500 | |
| 4430 OfceFurnEqp<5k | - | 10,134 | 1,383 | 11,116 | 13,861 | 4,360 | 3,129 | 43,983 | 2,000 | 49,000 | 49,000 | - | 5,017 | |
| 4440 Computers <\$5k | - | - | - | 66 | 3,537 | 98,412 | 6,880 | 108,894 | 302,226 | 344,705 | 272,106 | (72,600) | 235,811 | |
| 4461 Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4464 Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 1,158,548 | - | (1,158,548) | 1,158,548 | |
| 4710 Food | - | - | - | - | - | - | - | - | 154,000 | 169,500 | 119,500 | (50,000) | 169,500 | |
| 4720 Food:Other Food | - | - | - | 15,475 | 75 | - | - | 15,551 | 15,610 | 60,713 | 57,713 | (3,000) | 45,162 | |
| 4990 Prior Year Adj (Mat'ls) | 95 | 512 | - | 1,728 | 5,962 | 527 | 109 | 8,934 | - | 3,000 | 3,000 | - | (5,934) | |
| 4999 Misc Expenditure (Suspense) | 295 | 712 | 1,052 | 978 | 21,268 | (23,683) | (442) | 179 | - | - | - | - | (179) | |
| SUBTOTAL - Books and Supplies | 43,506 | 26,705 | 217,949 | 285,283 | 155,755 | 282,583 | 134,784 | 1,135,062 | 1,432,225 | 4,139,464 | 2,792,676 | (1,346,787) | 3,004,401 | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|------------------|------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| CONSOLIDATED | | | | | | | | | | | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 460,345 | 153,448 | - | 1,087,024 | 854,832 | 2,555,648 | 4,674,621 | 5,385,759 | 5,385,759 | - | 2,830,111 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | 22,000 | 21,032 | (968) | 22,000 |
| 5210 | MilesParkTolls | - | 188 | 640 | 146 | 469 | 1,305 | 2,123 | 4,872 | 14,000 | 52,700 | 51,324 | (1,376) | 47,828 |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | 25 | - | - | - | - | - | 25 | 3,000 | 19,000 | 19,000 | - | 18,975 |
| 5300 | DuesMemberships | 34,694 | 1,876 | 5,699 | 3,540 | 4,051 | 18,638 | 24,969 | 93,467 | 91,957 | 111,807 | 119,921 | 8,114 | 18,340 |
| 5450 | Other Insurance | 116,658 | 34,962 | 32,399 | 34,962 | 36,116 | 34,962 | 34,963 | 325,022 | 346,500 | 370,127 | 420,503 | 50,376 | 45,105 |
| 5500 | OpsHousekeeping | 3,241 | 6,053 | 7,031 | 36,461 | 21,678 | 11,149 | 15,122 | 100,736 | 121,200 | 173,882 | 193,200 | 19,318 | 73,146 |
| 5510 | Gas & Electric | 4,288 | 16,686 | 17,384 | 13,562 | 16,152 | 11,591 | 12,624 | 92,287 | 245,000 | 249,000 | 258,000 | 9,000 | 156,713 |
| 5610 | Rent & Leases | 179,022 | 274,879 | 298,309 | 274,951 | 326,083 | 346,976 | 327,779 | 2,028,000 | 3,783,570 | 3,858,992 | 3,840,505 | (18,487) | 1,830,993 |
| 5620 | EquipmentLeases | 3,553 | 11,122 | 6,085 | 8,982 | 28,145 | 15,918 | 13,403 | 87,208 | 103,600 | 187,900 | 191,650 | 3,750 | 100,692 |
| 5630 | Reps&MaintBldng | 399 | 4,511 | (1,188) | 11,665 | 10,030 | 2,095 | 65 | 27,578 | 16,227 | 82,400 | 119,123 | 36,723 | 54,822 |
| 5800 | ProfessServices | 29,232 | 64,473 | 84,983 | 77,612 | 86,459 | 57,996 | 117,407 | 518,161 | 995,671 | 1,624,894 | 1,475,667 | (149,227) | 1,106,733 |
| 5810 | Legal | - | 1,503 | (4,317) | (2,333) | 22,369 | 7,960 | 11,878 | 37,059 | 69,000 | 244,785 | 259,089 | 14,304 | 207,726 |
| 5813 | SchPrgAftSchool | 34,898 | 17,449 | 17,482 | 23,202 | 63,561 | 33,138 | 31,420 | 221,151 | 535,909 | 434,826 | 434,826 | - | 213,676 |
| 5814 | SchPrgAcadComps | - | 405 | 700 | 2,748 | - | 495 | - | 4,348 | 10,500 | 61,788 | 49,967 | (11,821) | 57,440 |
| 5819 | SchlProgs-Other | 78 | - | 1,165 | 4,167 | 3,525 | 399 | 15,060 | 24,395 | 90,729 | 132,194 | 113,981 | (18,212) | 107,799 |
| 5820 | Audit & CPA | - | - | 9,592 | - | - | 21,000 | 9,000 | 39,592 | 127,034 | 151,034 | 157,034 | 6,000 | 111,442 |
| 5825 | DMSBusinessSvcs | 86,011 | - | 86,011 | - | 43,005 | 43,005 | 93,531 | 351,563 | 545,000 | 544,200 | 544,200 | - | 192,637 |
| 5835 | Field Trips | - | - | 325 | (369) | - | - | 157 | 114 | 118,155 | 129,457 | 125,527 | (3,930) | 129,343 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | 600 | 2,000 | 2,094 | - | - | 15,000 | 19,694 | 33,500 | 63,000 | 78,828 | 15,828 | 43,306 |
| 5850 | Oversight Fees | 9,577 | 15,240 | 8,440 | 8,440 | 8,439 | 12,239 | 12,239 | 74,615 | 268,110 | 401,674 | 401,674 | - | 327,059 |
| 5857 | Payroll Fees | 17,402 | 19,823 | 14,999 | 14,378 | 14,402 | 32,403 | 18,637 | 132,045 | 159,000 | 183,100 | 197,850 | 14,750 | 51,055 |
| 5860 | Service Fees | 99 | 29 | 612 | 352 | 1,786 | 7,268 | 1,719 | 11,864 | 4,000 | 29,100 | 33,900 | 4,800 | 17,236 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | (550) | 2,500 | 10,229 | 5,449 | 5,338 | 9,171 | 22,454 | 54,592 | 7,485 | 199,840 | 208,761 | 8,921 | 145,247 |
| 5864 | Prof Dev-Other | 518 | 85 | - | 1,768 | 36,279 | 7,431 | 27,541 | 73,622 | 164,071 | 247,975 | 241,972 | (6,003) | 174,353 |
| 5865 | Prof Dev - LLM | - | - | 4,500 | - | - | 3,499 | - | 7,999 | - | 9,500 | 9,500 | - | 1,501 |
| 5869 | SpEd Ctrct Inst | 3,119 | 5,741 | 726 | 9,183 | 8,657 | 17,513 | 28,965 | 73,905 | 738,092 | 699,240 | 712,777 | 13,537 | 625,335 |
| 5870 | Livescan | - | 45 | - | - | 72 | - | - | 117 | 6,450 | 5,600 | 5,600 | - | 5,483 |
| 5872 | SPED Fees (incl Encroachment) | 10,234 | 23,211 | 13,644 | 13,644 | 13,642 | 13,644 | 13,644 | 101,663 | 67,677 | 77,884 | 77,884 | - | (23,779) |
| 5875 | Staff Recruiting | - | 147 | - | 897 | - | - | - | 1,044 | - | 4,000 | 4,000 | - | 2,956 |
| 5884 | Substitutes | - | - | 3,149 | 9,474 | 19,707 | 8,518 | 52,118 | 92,966 | 167,738 | 380,738 | 370,658 | (10,081) | 287,772 |
| 5890 | OthSvcsNon-Inst | 7,764 | 346 | - | (700) | - | 408 | 408 | 8,226 | 500 | 15,500 | 15,500 | - | 7,274 |
| 5900 | Communications | 15 | 64 | 682 | 23,880 | 1,359 | 1,057 | 1,110 | 28,167 | 13,000 | 39,850 | 47,231 | 7,381 | 11,683 |
| 5910 | Communications 2 | - | 750 | 1,000 | - | 1,000 | 2,375 | 1,125 | 6,250 | 1,375 | 23,775 | 23,775 | - | 17,525 |
| 5920 | TelecomInternet | 8,240 | 11,690 | 7,039 | 34,499 | 6,972 | 13,422 | 12,237 | 94,101 | 35,650 | 231,461 | 251,447 | 19,986 | 137,360 |
| 5930 | PostageDelivery | 1,953 | 3,645 | 1,832 | 2,407 | 5,425 | 205 | 2,535 | 18,003 | 16,750 | 52,500 | 52,500 | - | 34,497 |
| 5940 | Technology | 13,820 | 6,005 | 49,335 | 78,689 | 9,636 | (5,898) | 20,240 | 171,826 | 276,231 | 376,199 | 373,525 | (2,674) | 204,373 |
| 5990 | Prior Year Adj (Services) | - | - | 6,936 | 10,927 | - | (8,654) | - | 9,209 | - | 1,000 | (4,679) | (5,679) | (8,209) |
| SUBTOTAL - Services & Other Operating Exp. | | 564,263 | 524,057 | 1,147,767 | 858,128 | 794,356 | 1,808,254 | 1,794,307 | 7,491,132 | 13,851,302 | 16,878,680 | 16,883,009 | 4,329 | 9,387,548 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| CONSOLIDATED | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | 7,000 | 7,000 | 7,000 | - | 7,000 |
| 6900 | Depreciation | 15,110 | 15,110 | 15,110 | 17,867 | 17,867 | 404,926 | 18,073 | 504,065 | 888,488 | 916,654 | 1,135,183 | 218,529 | 412,589 |
| SUBTOTAL - Capital Outlay & Depreciation | | 15,110 | 15,110 | 15,110 | 17,867 | 17,867 | 404,926 | 18,073 | 504,065 | 888,488 | 923,654 | 1,142,183 | 218,529 | 419,589 |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | 8,289 | 8,289 | - |
| 7438 | InterestExpense | 68,792 | 34,000 | 124,363 | 36,796 | 34,000 | 41,570 | 34,000 | 373,521 | 600,165 | 600,165 | 625,665 | 25,500 | 226,644 |
| SUBTOTAL - Other Outflows | | 68,792 | 34,000 | 124,363 | 36,796 | 34,000 | 41,570 | 34,000 | 373,521 | 600,165 | 600,165 | 633,954 | 33,789 | 226,644 |
| TOTAL EXPENSES | | 2,090,797 | 2,715,973 | 4,271,984 | 4,099,750 | 3,845,703 | 5,382,530 | 5,954,122 | 28,350,364 | 51,961,911 | 57,978,915 | 57,028,267 | (950,648) | 29,628,552 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| All MPS | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|---------------------|-------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 22,085,850 | 20,896,293 | 20,219,228 | 24,993,971 | 24,998,548 | 24,494,577 | 24,476,117 | 25,450,782 | 23,959,910 | 24,094,972 | 21,677,967 | 19,260,963 | | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 771,708 | 2,103,288 | 3,855,613 | 3,357,503 | 2,989,547 | 3,036,910 | 4,379,342 | 3,157,751 | 4,823,818 | 2,861,824 | 2,861,824 | 4,504,914 | 3,416,752 | 42,120,796 |
| LCFF State Deferrals | | | | | | | | - | (1,068,019) | (1,658,092) | (1,658,092) | (1,658,092) | 6,042,294 | - |
| Federal Revenue | 14,935 | 78,859 | 3,969,049 | 78,872 | 37,207 | 151,400 | 598,267 | 514,145 | 514,145 | 514,145 | 514,145 | 514,145 | 51,415 | 7,550,729 |
| Other State Revenues | 112,008 | 238,541 | 697,170 | 169,459 | 227,138 | 417,925 | 762,353 | 553,739 | 553,739 | 553,739 | 553,739 | 553,739 | 55,374 | 5,448,663 |
| Other Local Revenues | 2,797 | 2,993 | 565,236 | 110,205 | 2,034 | 1,122,831 | 857,049 | 601,633 | 601,633 | 601,633 | 601,633 | 601,633 | 60,163 | 5,731,472 |
| Total Revenue | 901,448 | 2,423,682 | 9,087,068 | 3,716,039 | 3,255,926 | 4,729,065 | 6,597,012 | 4,827,268 | 5,425,316 | 2,873,249 | 2,873,249 | 4,516,339 | 9,625,998 | 60,851,660 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 965,520 | 1,031,082 | 1,546,348 | 1,561,115 | 1,583,888 | 1,582,422 | 2,326,998 | 1,810,006 | 1,810,006 | 1,810,006 | 1,810,006 | 1,766,948 | 173,112 | 19,777,456 |
| Classified Salaries | 208,756 | 450,525 | 499,567 | 546,422 | 529,278 | 539,976 | 808,024 | 560,764 | 560,764 | 560,764 | 560,764 | 560,764 | 188,077 | 6,574,446 |
| Benefits | 224,850 | 634,494 | 720,878 | 794,138 | 730,559 | 722,798 | 837,936 | 892,894 | 892,894 | 892,894 | 892,894 | 864,983 | 122,332 | 9,224,543 |
| Books and Supplies | 43,506 | 26,705 | 217,949 | 285,283 | 155,755 | 282,583 | 134,784 | 297,655 | 297,655 | 297,655 | 297,655 | 289,528 | 165,964 | 2,792,676 |
| Services and Operations | 564,263 | 524,057 | 1,147,767 | 858,128 | 794,356 | 1,808,254 | 1,794,307 | 1,759,918 | 1,759,918 | 1,759,918 | 1,759,918 | 1,747,534 | 604,672 | 16,883,009 |
| Depreciation / Cap Outlay | 15,110 | 15,110 | 15,110 | 17,867 | 17,867 | 404,926 | 18,073 | 125,121 | 125,121 | 125,121 | 125,121 | 130,645 | 6,988 | 1,142,183 |
| Other Outflows | 68,792 | 34,000 | 124,363 | 36,796 | 34,000 | 41,570 | 34,000 | 36,844 | 36,844 | 36,844 | 36,844 | 36,844 | 76,211 | 633,954 |
| Total Expenses | 2,090,797 | 2,715,973 | 4,271,984 | 4,099,750 | 3,845,703 | 5,382,530 | 5,954,122 | 5,483,202 | 5,483,202 | 5,483,202 | 5,483,202 | 5,397,247 | 1,337,356 | 57,028,267 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 2,686,459 | 1,012,846 | 21,950 | (187,268) | - | 162,569 | - | - | - | - | - | - | - | 3,696,556 |
| Accounts Receivable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets/Accrual Adj | (168,891) | 13,485 | (18,500) | 309,056 | - | - | (1,525,283) | (317,581) | - | - | - | - | - | (1,707,713) |
| Fixed Assets - Depreciation Addback | 15,110 | 15,110 | 15,110 | 17,867 | 17,867 | 404,497 | 18,073 | 125,009 | 125,009 | 125,009 | 125,009 | 130,533 | - | 1,134,206 |
| Fixed Assets - Acquisitions | - | - | (18,107) | - | - | - | - | - | - | - | - | - | - | (18,107) |
| Due To (From) | (580,918) | (126,694) | (142,723) | 16,904 | 28,446 | 28,446 | 28,446 | 28,446 | 28,446 | 28,446 | 28,446 | 28,446 | - | (605,860) |
| Expenses - Prior Year Accruals | (2,956,314) | (1,303,867) | 78,550 | 192,236 | - | - | 1,115,245 | (564,140) | - | - | - | - | - | (3,438,290) |
| Accounts Payable - Current Year | - | - | - | - | - | - | 655,801 | (146,165) | - | - | - | - | - | 509,636 |
| Summerholdback for Teachers | 4,346 | 4,346 | 23,378 | 39,492 | 39,492 | 39,492 | 39,492 | 39,492 | 39,492 | 39,492 | 39,492 | 39,492 | - | 387,498 |
| Loans Payable (Current) | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | 1,000,000 |
| Loans Payable (Long Term) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | (208) | (384,774) | (40,342) | 388,288 | 85,806 | 635,004 | 331,775 | (834,938) | 192,948 | 192,948 | 192,948 | 198,472 | | 957,926 |
| Total Change in Cash | (1,189,557) | (677,065) | 4,774,742 | 4,577 | (503,971) | (18,460) | 974,665 | (1,490,872) | 135,062 | (2,417,005) | (2,417,005) | (682,436) | | 4,781,319 |
| ENDING CASH | 20,896,293 | 20,219,228 | 24,993,971 | 24,998,548 | 24,494,577 | 24,476,117 | 25,450,782 | 23,959,910 | 24,094,972 | 21,677,967 | 19,260,963 | 18,578,527 | <<< = 119 days cash | |



MSA-1 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$1,238,176.

This is an increase of \$326,312 from the original First Interim Budget projected surplus of \$911,864.

This will allow MSA-1 to end this fiscal year with a balance of \$6,376,427, which is 66.2% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$2,202,786, which represents 83 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$2,360,709, which represents 89 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$91,273, or 0.8% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$92,136 higher than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: This category is primarily fundraising revenue, but includes any non-LCFF local revenue sources.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$235,039), or -2.4% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$2,592 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other factors.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$2,000 higher than in the First Interim Budget, reflecting updated depreciation and capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | Annual Budget | | | | | |
|--|-------------------------------------|----------------|------------------|----------------|----------------|------------------|------------------|------------------|---------------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 1 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Projected Average Daily Attendance: | | | | | | | | | | | 634 | 634 | 634 | - |
| SUMMARY | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | |
| LCFF Entitlement | 109,408 | 421,896 | 676,648 | 515,234 | 515,233 | 515,234 | 840,806 | 3,594,459 | 1,207,952 | 2,386,507 | 7,250,472 | 7,874,624 | 7,966,760 | 92,136 | 45% |
| Federal Revenue | - | - | 763,637 | - | - | - | 121,702 | 885,339 | 763,637 | 121,702 | 607,761 | 1,357,167 | 1,356,304 | (863) | 65% |
| Other State Revenues | 16,740 | 30,966 | 95,435 | 23,693 | 33,821 | 53,140 | 156,429 | 410,224 | 143,141 | 267,083 | 1,374,928 | 1,471,815 | 1,471,815 | - | 28% |
| Other Local Revenues | 1,314 | 392 | 192 | 357 | 221 | 9,737 | - | 12,213 | 1,898 | 10,315 | 81,934 | 81,934 | 81,934 | - | 15% |
| Total Revenue | 127,462 | 453,254 | 1,535,912 | 539,284 | 549,275 | 578,111 | 1,118,937 | 4,902,236 | 2,116,629 | 2,785,607 | 9,315,095 | 10,785,540 | 10,876,813 | 91,273 | 45% |
| Expenditures | | | | | | | | | | | | | | | |
| Certificated Salaries | 166,499 | 152,119 | 266,142 | 274,155 | 279,968 | 275,668 | 407,678 | 1,822,229 | 584,760 | 1,237,469 | 3,532,378 | 3,414,607 | 3,412,699 | (1,908) | 53% |
| Classified Salaries | 21,529 | 43,286 | 56,377 | 52,848 | 54,999 | 107,209 | 77,812 | 414,060 | 121,192 | 292,868 | 706,297 | 776,325 | 776,325 | - | 53% |
| Benefits | 63,721 | 82,003 | 99,161 | 111,358 | 107,117 | 109,453 | 103,497 | 676,310 | 244,885 | 431,425 | 1,482,041 | 1,392,242 | 1,396,742 | 4,500 | 48% |
| Books and Supplies | 1,318 | 21,031 | 35,319 | 12,760 | 15,346 | 125,432 | 12,371 | 223,577 | 57,668 | 165,909 | 282,005 | 721,042 | 476,366 | (244,676) | 47% |
| Services and Operating Exp. | 43,554 | 133,603 | 148,959 | 168,400 | 228,376 | 528,709 | 201,307 | 1,452,906 | 326,115 | 1,126,791 | 3,053,566 | 3,403,461 | 3,408,506 | 5,045 | 43% |
| Depreciation & Cap Outlay | 8,035 | 8,035 | 8,035 | 10,569 | 10,569 | 10,569 | 10,569 | 66,380 | 24,104 | 42,275 | 166,000 | 166,000 | 146,000 | (20,000) | 45% |
| Other Outflows | - | - | 10,000 | - | - | 4,772 | - | 14,772 | 10,000 | 4,772 | - | - | 22,000 | 22,000 | 67% |
| Total Expenditures | 304,656 | 440,076 | 623,992 | 630,089 | 696,375 | 1,161,812 | 813,234 | 4,670,234 | 1,368,724 | 3,301,510 | 9,222,287 | 9,873,677 | 9,638,638 | (235,039) | 48% |
| Net Revenues | | | | | | | | 232,002 | 747,905 | (515,903) | 92,808 | 911,864 | 1,238,176 | 326,312 | |
| | | | | | | | | | | | | Fund Balance | | | |
| | | | | | | | | | | | | Beginning Balance (Unaud.) | 5,138,251 | | |
| | | | | | | | | | | | | Net Revenues | 1,238,176 | | |
| | | | | | | | | | | | | Ending Fund Balance | 6,376,427 | | |
| | | | | | | | | | | | | Components of Fund Bal. | | | |
| | | | | | | | | | | | | Available For Econ. Uncert. | 4,815,932 | 50.0% of Expenditures | |
| | | | | | | | | | | | | Restricted Balances (Est.) | 795,349 | 8.3% of Expenditures | |
| | | | | | | | | | | | | Net Fixed Assets | 765,146 | 7.9% of Expenditures | |
| | | | | | | | | | | | | Ending Fund Balance | 6,376,427 | 66.2% of Expenditures | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | | Annual Budget | | | | | |
|--|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------------|------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 1 | | | | | | | | | | | | | | | | |
| REVENUE DETAIL | | | | | | | | | | | | | | | | |
| LCFF Entitlement | | | | | | | | | | | | | | | | |
| 8011 | State Aid | - | 205,198 | 205,198 | 369,356 | 369,356 | 369,356 | 369,356 | 1,887,820 | 410,396 | 1,477,424 | 4,546,088 | 4,463,430 | 4,555,566 | 92,136 | 2,575,610 |
| 8012 | EPA Entitlement | - | - | 325,572 | - | - | - | 325,572 | 651,144 | 325,572 | 325,572 | 930,605 | 1,421,208 | 1,421,208 | - | 770,064 |
| 8019 | Prior Year Adjustments | - | (2,119) | - | - | - | - | - | (2,119) | (2,119) | - | - | - | - | - | 2,119 |
| 8096 | InLieuPropTaxes | 109,408 | 218,817 | 145,878 | 145,878 | 145,877 | 145,878 | 145,878 | 1,057,614 | 474,103 | 583,511 | 1,773,779 | 1,989,986 | 1,989,986 | - | 932,372 |
| SUBTOTAL - LCFF Entitlement | | 109,408 | 421,896 | 676,648 | 515,234 | 515,233 | 515,234 | 840,806 | 3,594,459 | 1,207,952 | 2,386,507 | 7,250,472 | 7,874,624 | 7,966,760 | 92,136 | 4,280,165 |
| Federal Revenue | | | | | | | | | | | | | | | | |
| 8181 | SpEd - Revenue | - | - | - | - | - | - | - | - | - | - | 76,599 | 75,644 | 75,644 | - | 75,644 |
| 8220 | SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 | All Other Federal Revenue | - | - | 763,637 | - | - | - | 121,702 | 885,339 | 763,637 | 121,702 | 531,162 | 1,281,523 | 1,280,660 | (863) | 396,184 |
| 8295 | All Other Federal Revenue | - | - | - | - | - | - | - | - | - | - | 531,162 | 1,281,523 | - | (1,281,523) | 1,281,523 |
| SUBTOTAL - Federal Revenue | | - | - | 763,637 | - | - | - | 121,702 | 885,339 | 763,637 | 121,702 | 607,761 | 1,357,167 | 1,356,304 | (863) | 471,828 |
| Other State Revenue | | | | | | | | | | | | | | | | |
| 8311 | SpEd Revenue | 16,740 | 30,966 | 33,821 | 23,693 | 33,821 | 33,821 | 33,821 | 206,683 | 81,527 | 125,156 | 351,359 | 412,759 | 412,759 | - | 206,076 |
| 8520 | SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 | MandCstReimburs | - | - | - | - | - | - | 19,319 | 19,319 | - | 19,319 | 19,179 | 20,819 | 20,819 | - | 1,500 |
| 8560 | StateLotteryRev | - | - | - | - | - | - | 45,445 | 45,445 | - | 45,445 | 150,452 | 135,487 | 135,487 | - | 90,042 |
| 8590 | AllOthStateRev | - | - | 61,614 | - | - | - | - | 138,777 | 61,614 | 77,163 | 853,938 | 902,749 | 902,749 | - | 763,972 |
| 8595 | AllOthStateRev PY | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other State Revenue | | 16,740 | 30,966 | 95,435 | 23,693 | 33,821 | 53,140 | 156,429 | 410,224 | 143,141 | 267,083 | 1,374,928 | 1,471,815 | 1,471,815 | - | 1,061,591 |
| Local Revenue | | | | | | | | | | | | | | | | |
| 8600 | Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 | StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 | Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 | Interest | - | - | - | 549 | - | - | 550 | 1,099 | - | 1,099 | - | - | - | - | (1,099) |
| 8690 | Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 | Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 | OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 | CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 | CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 | CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 | CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 | CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 | CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 | CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 | CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 | CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 | CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8699 | Other Revenue | - | - | - | - | - | - | 9,187 | 9,187 | - | 9,187 | 20,000 | 20,000 | 20,000 | - | 10,813 |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | 392 | 192 | (584) | - | - | - | - | 584 | (584) | - | - | - | - | - |
| SUBTOTAL - Local Revenue | | - | 392 | 192 | (35) | - | 9,737 | - | 10,286 | 584 | 9,702 | 20,000 | 20,000 | 20,000 | - | 9,714 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | Annual Budget | | | | | |
|--|----------------|----------------|------------------|----------------|----------------|----------------|------------------|------------------|---------------------|------------------|-----------------------|-------------------|-----------------------------|------------------------|------------------|
| MSA 1 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Current Board- | Current | Actuals as % of | | |
| | | | | | | | | | | | Adopted July 1 Budget | Adopted Budget | Proposed 2nd Interim Budget | Budget vs. 2nd Interim | 2nd Interim |
| Fundraising & Grants | | | | | | | | | | | | | | | |
| 8802 | - | - | - | - | - | - | - | - | - | - | 2,705 | 2,705 | 2,705 | - | 2,705 |
| 8803 | 1,314 | - | - | 392 | 221 | - | - | 1,927 | 1,314 | 613 | 59,229 | 59,229 | 59,229 | - | 57,302 |
| SUBTOTAL - Fundraising & Grants | 1,314 | - | - | 392 | 221 | - | - | 1,927 | 1,314 | 613 | 61,934 | 61,934 | 61,934 | - | 60,007 |
| TOTAL REVENUE | 127,462 | 453,254 | 1,535,912 | 539,284 | 549,275 | 578,111 | 1,118,937 | 4,902,236 | 2,116,629 | 2,785,607 | 9,315,095 | 10,785,540 | 10,876,813 | 91,273 | 5,883,304 |
| EXPENSES | | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | | |
| 1100 | 132,672 | 114,675 | 226,488 | 230,192 | 239,514 | 235,214 | 348,197 | 1,526,953 | 473,835 | 1,053,117 | 2,950,032 | 2,892,859 | 2,890,951 | (1,908) | 1,365,906 |
| 1300 | 33,827 | 37,444 | 39,654 | 43,963 | 40,454 | 40,454 | 59,481 | 295,277 | 110,925 | 184,352 | 582,346 | 521,748 | 521,748 | - | 226,471 |
| SUBTOTAL - Certificated Salaries | 166,499 | 152,119 | 266,142 | 274,155 | 279,968 | 275,668 | 407,678 | 1,822,229 | 584,760 | 1,237,469 | 3,532,378 | 3,414,607 | 3,412,699 | (1,908) | 1,592,378 |
| Classified Salaries | | | | | | | | | | | | | | | |
| 2100 | - | 141 | 8,208 | 8,141 | 8,571 | 54,527 | 10,925 | 90,512 | 8,348 | 82,163 | 180,917 | 278,262 | 278,262 | - | 187,750 |
| 2200 | 10,102 | 22,437 | 26,294 | 26,593 | 24,885 | 24,856 | 34,362 | 169,528 | 58,833 | 110,696 | 344,404 | 314,325 | 314,325 | - | 144,796 |
| 2300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | 11,427 | 20,708 | 21,875 | 18,114 | 21,544 | 27,826 | 32,525 | 154,020 | 54,011 | 100,009 | 180,976 | 183,738 | 183,738 | - | 29,718 |
| 2900 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | 21,529 | 43,286 | 56,377 | 52,848 | 54,999 | 107,209 | 77,812 | 414,060 | 121,192 | 292,868 | 706,297 | 776,325 | 776,325 | - | 362,265 |
| Employee Benefits | | | | | | | | | | | | | | | |
| 3101 | 5,237 | 24,803 | 42,329 | 43,358 | 45,135 | 44,063 | 65,738 | 270,664 | 72,369 | 198,295 | 511,723 | 548,341 | 548,341 | - | 277,677 |
| 3102 | - | 516 | 1,033 | 1,046 | 1,060 | 1,181 | 1,590 | 6,427 | 1,549 | 4,878 | - | - | - | - | (6,427) |
| 3201 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | 3,602 | 7,841 | 10,291 | 9,907 | 9,415 | 9,826 | 13,608 | 64,490 | 21,734 | 42,756 | 149,391 | 136,130 | 136,130 | - | 71,640 |
| 3301 | 2,413 | 2,197 | 3,817 | 3,906 | 4,038 | 4,023 | 5,878 | 26,272 | 8,427 | 17,845 | 46,373 | 49,262 | 49,262 | - | 22,990 |
| 3302 | 1,392 | 3,099 | 3,902 | 3,878 | 3,790 | 3,901 | 5,318 | 25,281 | 8,394 | 16,887 | 57,473 | 50,309 | 50,309 | - | 25,028 |
| 3401 | 43,855 | 40,928 | 34,507 | 46,468 | 41,055 | 43,935 | 1,288 | 252,036 | 119,291 | 132,746 | 510,491 | 558,759 | 558,759 | - | 306,723 |
| 3402 | - | - | - | - | - | - | - | - | - | - | 128,438 | 13,603 | 13,603 | - | 13,603 |
| 3501 | - | 158 | 765 | 299 | 161 | 3 | 6,214 | 7,600 | 923 | 6,678 | 45,640 | 5,944 | 8,444 | 2,500 | (1,656) |
| 3502 | - | 53 | 110 | 86 | 57 | 113 | 1,456 | 1,875 | 163 | 1,712 | 7,119 | 1,006 | 3,006 | 2,000 | (869) |
| 3601 | 7,222 | 2,407 | 2,407 | 2,407 | 2,407 | 2,407 | 2,407 | 21,664 | 12,036 | 9,628 | 25,393 | 28,888 | 28,888 | - | 7,224 |
| 3701 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | 63,721 | 82,003 | 99,161 | 111,358 | 107,117 | 109,453 | 103,497 | 676,310 | 244,885 | 431,425 | 1,482,041 | 1,392,242 | 1,396,742 | 4,500 | 715,932 |

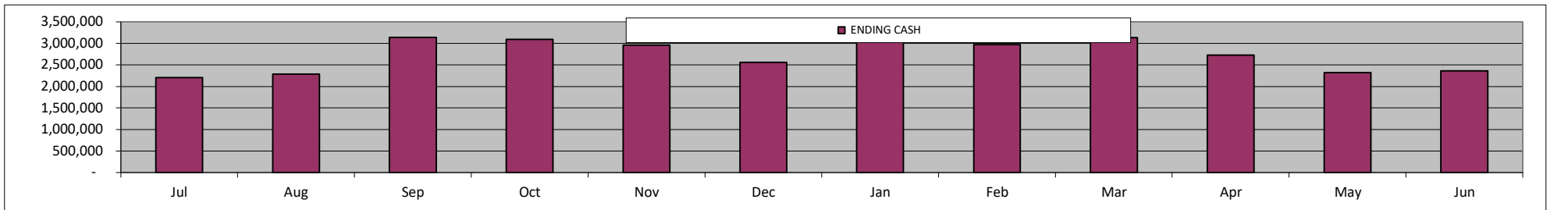
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | | Annual Budget | | | | | |
|--|--------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------------|----------------|-----------------------|------------------------------|----------------|--------------------------------|-----------------------------|-------|
| MSA 1 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Adopted July 1 Budget | Current Board-Adopted Budget | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| | | | | | | | | | | | | Proposed 2nd Interim Budget | Current Budget | | | |
| Books & Supplies | | | | | | | | | | | | | | | | |
| 4100 Text&CoreCurric | - | - | 2,972 | 2,623 | 96 | 28,263 | - | 33,955 | 2,972 | 30,983 | 25,000 | 25,000 | 40,052 | 15,052 | (8,955) | |
| 4200 BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4300 Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4310 Ins Mats & Sups | 1,500 | - | 5,374 | 12 | (250) | 492 | - | 7,129 | 6,874 | 255 | 51,318 | 36,735 | 36,735 | - | 29,606 | |
| 4315 OthrSupplies | - | - | - | 169 | - | - | 920 | 1,089 | - | 1,089 | - | 7,000 | 7,000 | 7,000 | - | 5,911 |
| 4320 Office Supplies | 58 | 58 | 422 | 922 | 334 | 463 | 181 | 2,439 | 538 | 1,901 | 7,000 | 12,000 | 12,000 | - | 9,561 | |
| 4325 ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4326 Arts&MusicSupps | - | - | - | - | 17 | - | - | 17 | - | 17 | 5,000 | 20,000 | 17,000 | (3,000) | 19,983 | |
| 4335 PE Supplies | - | - | - | - | - | - | - | - | - | - | 2,500 | 5,000 | 5,000 | - | 5,000 | |
| 4340 Educat Software | - | 4,050 | 23,440 | 4,195 | - | 5,340 | 7,368 | 44,393 | 27,490 | 16,903 | 75,187 | 75,187 | 75,187 | - | 30,794 | |
| 4345 NonInstStdntSup | - | 9,615 | 2,850 | 4,157 | 15,829 | 2,677 | 3,662 | 38,790 | 12,465 | 26,325 | 3,000 | 129,398 | 129,398 | - | 90,608 | |
| 4346 TeacherSupplies | - | - | 215 | 122 | - | - | 35 | 372 | 215 | 157 | 4,000 | 4,000 | 4,000 | - | 3,628 | |
| 4350 Cust. Supplies | - | - | 45 | 493 | 2,259 | 3,109 | 206 | 6,111 | 45 | 6,066 | - | 12,000 | 12,000 | - | 5,889 | |
| 4351 Yearbook | (240) | (124) | - | - | - | - | - | (364) | (364) | - | - | - | - | - | 364 | |
| 4390 Uniforms | - | - | - | - | - | - | - | - | - | - | 3,000 | 3,000 | 3,000 | - | 3,000 | |
| 4400 NonCapEquip-Gen | - | 7,432 | - | - | (6,667) | - | - | 765 | 7,432 | (6,667) | - | 7,046 | 8,046 | 1,000 | 6,281 | |
| 4410 ClsrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4430 OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4440 Computers <\$5k | - | - | - | 66 | - | 88,815 | - | 88,881 | - | 88,881 | 102,000 | 135,000 | 122,948 | (12,052) | 46,119 | |
| 4461 Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4464 Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | - | - | 245,676 | - | (245,676) | 245,676 | |
| 4710 Food | - | - | - | - | - | - | - | - | - | - | 1,000 | 1,000 | 1,000 | - | 1,000 | |
| 4720 Food:Other Food | - | - | - | - | - | - | - | - | - | - | 3,000 | 3,000 | 3,000 | - | 3,000 | |
| 4990 Prior Year Adj (Mat'ls) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4999 Misc Expenditure (Suspense) | 0 | - | - | - | 3,729 | (3,729) | - | - | 0 | (0) | - | - | - | - | - | |
| SUBTOTAL - Books and Supplies | 1,318 | 21,031 | 35,319 | 12,760 | 15,346 | 125,432 | 12,371 | 223,577 | 57,668 | 165,909 | 282,005 | 721,042 | 476,366 | (244,676) | 497,465 | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | | | Annual Budget | | | | |
|--|-------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 1 | | | | | | | | | | | | | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | - | - | - | 367,236 | - | 367,236 | - | 367,236 | 773,375 | 881,368 | 881,368 | - | 514,132 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5210 | MilesParkTolls | - | - | - | - | - | 405 | - | 405 | 405 | 1,000 | 3,000 | 3,000 | - | 2,595 | |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5300 | DuesMemberships | - | 14 | 1,349 | 14 | 1,084 | 6,514 | 498 | 9,474 | 1,363 | 8,111 | 14,000 | 14,000 | 14,000 | - | 4,526 |
| 5450 | Other Insurance | 30,942 | 6,391 | 6,390 | 6,390 | 6,390 | 6,390 | 6,390 | 69,283 | 43,723 | 25,560 | 90,000 | 90,000 | 90,000 | - | 20,717 |
| 5500 | OpsHousekeeping | 385 | 672 | 1,819 | 6,555 | 23,000 | 4,776 | 6,162 | 43,370 | 2,876 | 40,493 | 100,000 | 92,954 | 92,954 | - | 49,584 |
| 5510 | Gas & Electric | 22 | 3,919 | 4,797 | 4,484 | 3,645 | 3,481 | 4,239 | 24,588 | 8,738 | 15,849 | 90,000 | 90,000 | 90,000 | - | 65,412 |
| 5610 | Rent & Leases | - | 107,956 | 107,956 | 107,956 | 107,956 | 117,788 | 107,956 | 657,570 | 215,913 | 441,657 | 1,290,000 | 1,286,920 | 1,286,920 | - | 629,350 |
| 5620 | EquipmentLeases | 24 | 4,008 | 2,147 | 2,385 | 21,529 | 5,995 | 2,293 | 38,381 | 6,179 | 32,202 | 71,000 | 71,000 | 71,000 | - | 32,619 |
| 5630 | Reps&MaintBldng | - | - | - | - | 3,624 | - | - | 3,624 | - | 3,624 | - | - | 4,000 | 4,000 | (3,624) |
| 5800 | ProfessServices | 4,973 | 7,473 | 16,005 | 14,828 | 47,271 | 9,559 | 49,889 | 149,999 | 28,452 | 121,547 | 330,172 | 337,426 | 337,426 | - | 187,427 |
| 5810 | Legal | - | - | - | 598 | 4,525 | - | - | 5,123 | - | 5,123 | 15,000 | 44,960 | 44,960 | - | 39,838 |
| 5813 | SchPrgAftSchool | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5814 | SchPrgAcadComps | - | - | - | 2,561 | - | - | - | 2,561 | - | 2,561 | 50,000 | 38,179 | 38,179 | (11,821) | 47,439 |
| 5819 | SchlProgs-Other | - | - | - | 1,500 | - | - | - | 1,500 | - | 1,500 | 38,229 | 48,229 | 48,229 | - | 46,729 |
| 5820 | Audit & CPA | - | - | - | - | - | - | 3,000 | 3,000 | - | 3,000 | - | 3,000 | 3,000 | - | - |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | - | 22,705 | 22,705 | 18,775 | (3,930) | 22,705 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | - | - | 25,000 | 25,000 | 36,090 | 11,090 | 25,000 |
| 5850 | Oversight Fees | - | - | - | - | - | - | - | - | - | - | 72,294 | 72,294 | 72,294 | - | 72,294 |
| 5857 | Payroll Fees | 2,383 | 1,955 | 2,032 | 1,953 | 1,979 | 2,047 | 2,672 | 15,021 | 6,369 | 8,651 | 26,000 | 26,000 | 26,000 | - | 10,979 |
| 5860 | Service Fees | 22 | 23 | 40 | 597 | 1,771 | 4,074 | 623 | 7,149 | 85 | 7,065 | 15,600 | 15,600 | 15,600 | - | 8,451 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | - | - | - | 42 | - | 2,431 | 11,790 | 14,263 | - | 14,263 | - | 17,651 | 17,651 | - | 3,388 |
| 5864 | Prof Dev-Other | - | - | - | - | - | 5,230 | - | 5,230 | - | 5,230 | 29,578 | 28,967 | 27,852 | (1,115) | 23,737 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | - | - | 251 | 2,239 | - | 529 | 3,019 | - | 3,019 | 49,075 | 105,288 | 105,288 | - | 102,269 |
| 5870 | Livescan | - | 45 | - | - | 72 | - | - | 117 | 45 | 72 | 1,500 | 1,500 | 1,500 | - | 1,383 |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | 17,332 | - | - | - | - |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5884 | Substitutes | - | - | - | - | - | - | - | - | - | - | 45,000 | 19,000 | 19,000 | - | 19,000 |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5900 | Communications | - | 20 | 20 | 3,280 | 20 | 20 | 20 | 3,380 | 40 | 3,340 | - | 16,600 | 16,600 | - | 13,220 |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | 250 | 250 | 250 | - | 250 |
| 5920 | TelecomInternet | 3,000 | 245 | 245 | 3,245 | - | - | 3,112 | 9,846 | 3,489 | 6,357 | - | 3,000 | 15,500 | 12,500 | (6,846) |
| 5930 | PostageDelivery | - | - | 761 | 302 | 2,131 | - | 1,211 | 4,404 | 761 | 3,643 | - | 10,000 | 10,000 | - | 5,596 |
| 5940 | Technology | 1,803 | 881 | 5,397 | 10,002 | 1,140 | 799 | 922 | 20,944 | 8,082 | 12,862 | 24,350 | 26,750 | 26,750 | - | 5,806 |
| 5990 | Prior Year Adj (Services) | - | - | - | 1,458 | - | (8,037) | - | (6,579) | - | (6,579) | - | - | (5,679) | (5,679) | 6,579 |
| SUBTOTAL - Services & Other Operating Exp. | | 43,554 | 133,603 | 148,959 | 168,400 | 228,376 | 528,709 | 201,307 | 1,452,906 | 326,115 | 1,126,791 | 3,053,566 | 3,403,461 | 3,408,506 | 5,045 | 1,950,556 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|---------------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Approved Budget YTD | Variance | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 1 | | | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | 8,035 | 8,035 | 8,035 | 10,569 | 10,569 | 10,569 | 10,569 | 66,380 | 24,104 | 42,275 | 166,000 | 166,000 | 146,000 | (20,000) | 99,620 |
| SUBTOTAL - Capital Outlay & Depreciation | | 8,035 | 8,035 | 8,035 | 10,569 | 10,569 | 10,569 | 10,569 | 66,380 | 24,104 | 42,275 | 166,000 | 166,000 | 146,000 | (20,000) | 99,620 |
| Other Outflows | | | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | 10,000 | - | - | 4,772 | - | 14,772 | 10,000 | 4,772 | - | - | 22,000 | 22,000 | (14,772) |
| SUBTOTAL - Other Outflows | | - | - | 10,000 | - | - | 4,772 | - | 14,772 | 10,000 | 4,772 | - | - | 22,000 | 22,000 | (14,772) |
| TOTAL EXPENSES | | 304,656 | 440,076 | 623,992 | 630,089 | 696,375 | 1,161,812 | 813,234 | 4,670,234 | 1,368,724 | 3,301,510 | 9,222,287 | 9,873,677 | 9,638,638 | (235,039) | 5,203,443 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-1 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 2,525,704 | 2,202,786 | 2,286,983 | 3,137,600 | 3,093,469 | 2,961,284 | 2,555,067 | 3,278,782 | 2,971,996 | 3,131,693 | 2,726,535 | 2,321,376 | 2,360,709 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 109,408 | 421,896 | 676,648 | 515,234 | 515,233 | 515,234 | 840,806 | 515,234 | 997,604 | 540,950 | 540,950 | 985,442 | 792,119 | 7,966,759 |
| LCFF State Deferrals | | | | | | | | | (197,840) | (306,042) | (306,042) | (306,042) | 1,115,965 | - |
| Federal Revenue | - | - | 763,637 | - | - | - | 121,702 | 92,346 | 92,346 | 92,346 | 92,346 | 92,346 | 9,235 | 1,356,304 |
| Other State Revenues | 16,740 | 30,966 | 95,435 | 23,693 | 33,821 | 53,140 | 156,429 | 208,155 | 208,155 | 208,155 | 208,155 | 208,155 | 20,816 | 1,471,815 |
| Other Local Revenues | 1,314 | 392 | 192 | 357 | 221 | 9,737 | - | 13,671 | 13,671 | 13,671 | 13,671 | 13,671 | 1,367 | 81,934 |
| Total Revenue | 127,462 | 453,254 | 1,535,912 | 539,284 | 549,275 | 578,111 | 1,118,937 | 829,406 | 1,113,937 | 549,080 | 549,080 | 993,572 | 1,939,501 | 10,876,812 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 166,499 | 152,119 | 266,142 | 274,155 | 279,968 | 275,668 | 407,678 | 311,857 | 311,857 | 311,857 | 311,857 | 311,857 | 31,186 | 3,412,699 |
| Classified Salaries | 21,529 | 43,286 | 56,377 | 52,848 | 54,999 | 107,209 | 77,812 | 71,032 | 71,032 | 71,032 | 71,032 | 71,032 | 7,103 | 776,325 |
| Benefits | 63,721 | 82,003 | 99,161 | 111,358 | 107,117 | 109,453 | 103,497 | 141,261 | 141,261 | 141,261 | 141,261 | 141,261 | 14,126 | 1,396,742 |
| Books and Supplies | 1,318 | 21,031 | 35,319 | 12,760 | 15,346 | 125,432 | 12,371 | 49,566 | 49,566 | 49,566 | 49,566 | 49,566 | 4,957 | 476,366 |
| Services and Operations | 43,554 | 133,603 | 148,959 | 168,400 | 228,376 | 528,709 | 201,307 | 383,451 | 383,451 | 383,451 | 383,451 | 383,451 | 38,345 | 3,408,506 |
| Depreciation / Cap Outlay | 8,035 | 8,035 | 8,035 | 10,569 | 10,569 | 10,569 | 10,569 | 15,612 | 15,612 | 15,612 | 15,612 | 15,612 | 1,561 | 146,000 |
| Other Outflows | - | - | 10,000 | - | - | 4,772 | - | 1,417 | 1,417 | 1,417 | 1,417 | 1,417 | 142 | 22,000 |
| Total Expenses | 304,656 | 440,076 | 623,992 | 630,089 | 696,375 | 1,161,812 | 813,234 | 974,197 | 974,197 | 974,197 | 974,197 | 974,197 | 97,420 | 9,638,638 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 439,576 | 185,767 | - | 40,823 | - | 162,569 | - | - | - | - | - | - | - | 828,735 |
| Accounts Receivable - Current Year | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets/Accrual Adj | (453,878) | (3,227) | (49,883) | (4,321) | - | - | 158,167 | (181,953) | - | - | - | - | - | (535,095) |
| Fixed Assets - Depreciation Addback | 8,035 | 8,035 | 8,035 | 10,569 | 10,569 | 10,569 | 10,569 | 15,612 | 15,612 | 15,612 | 15,612 | 15,612 | 15,612 | 144,439 |
| Fixed Assets - Acquisitions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due To (From) | (602,126) | (38,261) | (27,302) | (13,059) | - | - | - | - | - | - | - | - | - | (680,748) |
| Expenses - Prior Year Accruals | (541,677) | (85,641) | 3,501 | 8,317 | - | - | - | - | - | - | - | - | - | (615,500) |
| Accounts Payable - Current Year | | | | | | | 244,929 | - | - | - | - | - | - | 244,929 |
| Summer Holdback for Teachers | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 4,346 | 52,152 |
| Loans Payable (Current) | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | 1,000,000 |
| Loans Payable (Long Term) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | (145,724) | 71,019 | (61,303) | 46,675 | 14,915 | 177,484 | 418,011 | (161,995) | 19,958 | 19,958 | 19,958 | 19,958 | 19,958 | 438,912 |
| Total Change in Cash | (322,918) | 84,197 | 850,617 | (44,131) | (132,185) | (406,217) | 723,714 | (306,786) | 159,698 | (405,159) | (405,159) | 39,333 | | 1,677,086 |
| ENDING CASH | 2,202,786 | 2,286,983 | 3,137,600 | 3,093,469 | 2,961,284 | 2,555,067 | 3,278,782 | 2,971,996 | 3,131,693 | 2,726,535 | 2,321,376 | 2,360,709 | <<< = 89 days cash | |



MSA-2 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$476,935.

This is an increase of \$259,510 from the original First Interim Budget projected surplus of \$217,424.

This will allow MSA-2 to end this fiscal year with a balance of \$2,077,492, which is 36.2% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$2,157,785, which represents 137 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$2,352,610, which represents 150 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$228, or 0.0% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are (\$8,654) lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: This category is primarily fundraising revenue, but includes any non-LCFF local revenue sources.

Other Local Revenues are projected at \$2,241 higher than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$259,282), or -4.3% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are (\$4,361) lower than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$30,000 higher than in the First Interim Budget, reflecting updated depreciation and capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|----------------|----------------|------------------|----------------|----------------|----------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|------------------------------|---------------|--|--|--|--|
| MSA 2 | Jul | Aug | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | | | | |
| Projected Average Daily Attendance: | | | | | | | | 437 | 422 | 422 | - | | | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | 73,543 | 280,780 | 447,277 | 341,478 | 341,477 | 341,478 | 555,464 | 2,381,497 | 4,469,661 | 4,797,725 | 4,789,071 | (8,654) | 50% | | | | | |
| Federal Revenue | - | - | 511,398 | - | - | - | 95,430 | 606,828 | 420,752 | 959,456 | 957,559 | (1,897) | 63% | | | | | |
| Other State Revenues | 11,253 | 24,692 | 63,526 | 17,671 | 22,735 | 34,762 | 46,759 | 221,824 | 326,291 | 390,508 | 399,046 | 8,538 | 56% | | | | | |
| Other Local Revenues | - | - | 7,979 | 19,272 | 656 | - | - | 27,906 | 35,069 | 60,069 | 62,310 | 2,241 | 45% | | | | | |
| Total Revenue | 84,796 | 305,472 | 1,030,180 | 378,421 | 364,868 | 376,240 | 697,653 | 3,238,055 | 5,251,773 | 6,207,758 | 6,207,986 | 228 | 52% | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 106,881 | 128,181 | 182,175 | 193,070 | 199,672 | 192,824 | 277,151 | 1,279,954 | 2,401,990 | 2,345,514 | 2,344,603 | (911) | 55% | | | | | |
| Classified Salaries | 17,664 | 33,479 | 39,856 | 40,384 | 33,804 | 40,957 | 66,930 | 273,074 | 525,482 | 564,262 | 564,262 | - | 48% | | | | | |
| Benefits | 18,590 | 64,057 | 75,210 | 80,590 | 79,774 | 72,292 | 100,054 | 490,567 | 991,316 | 952,164 | 948,714 | (3,450) | 52% | | | | | |
| Books and Supplies | (19) | 15,284 | 33,815 | 41,492 | 20,545 | 32,301 | 12,444 | 155,863 | 118,401 | 554,108 | 302,696 | (251,412) | 51% | | | | | |
| Services and Operating Exp. | 29,790 | 23,386 | 25,971 | 60,790 | 21,993 | 363,539 | 57,038 | 582,508 | 1,160,295 | 1,520,026 | 1,486,517 | (33,509) | 39% | | | | | |
| Depreciation & Cap Outlay | 4,770 | 4,770 | 4,770 | 4,994 | 4,994 | 5,199 | 5,199 | 34,697 | 54,259 | 54,259 | 84,259 | 30,000 | 41% | | | | | |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| Total Expenditures | 177,677 | 269,158 | 361,798 | 421,319 | 360,782 | 707,113 | 518,816 | 2,816,663 | 5,251,743 | 5,990,334 | 5,731,052 | (259,282) | 49% | | | | | |
| Net Revenues | | | | | | | | 421,392 | 30 | 217,424 | 476,935 | 259,510 | | | | | | |
| | | | | | | | | | Fund Balance | | | | | | | | | |
| | | | | | | | | | Beginning Balance (Unaud.) | | | 1,600,557 | | | | | | |
| | | | | | | | | | Net Revenues | | | 476,935 | | | | | | |
| | | | | | | | | | Ending Fund Balance | | | 2,077,492 | | | | | | |
| | | | | | | | | | Components of Fund Bal. | | | | | | | | | |
| | | | | | | | | | Available For Econ. Uncert. | | | 2,010,206 | 35.1% of Expenditures | | | | | |
| | | | | | | | | | Restricted Balances (Est.) | | | 19,711 | 0.3% of Expenditures | | | | | |
| | | | | | | | | | Net Fixed Assets | | | 47,574 | 0.8% of Expenditures | | | | | |
| | | | | | | | | | Ending Fund Balance | | | 2,077,492 | 36.2% of Expenditures | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|--------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|--|--|--|--|
| MSA 2 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | - | 135,233 | 135,233 | 243,420 | 243,420 | 243,420 | 243,420 | 1,244,146 | 2,801,110 | 2,716,060 | 2,707,406 | (8,654) | 1,471,914 |
| 8012 EPA Entitlement | - | - | 213,986 | - | - | - | 213,986 | 427,972 | 565,736 | 855,943 | 855,943 | - | 427,971 |
| 8019 Prior Year Adjustments | - | (1,540) | - | - | - | - | - | (1,540) | - | - | - | - | 1,540 |
| 8096 InLieuPropTaxes | 73,543 | 147,087 | 98,058 | 98,058 | 98,057 | 98,058 | 98,058 | 710,919 | 1,102,815 | 1,225,722 | 1,225,722 | - | 514,803 |
| SUBTOTAL - LCFF Entitlement | 73,543 | 280,780 | 447,277 | 341,478 | 341,477 | 341,478 | 555,464 | 2,381,497 | 4,469,661 | 4,797,725 | 4,789,071 | (8,654) | 2,416,228 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|----------|----------|----------------|----------|----------|----------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | 52,440 | 86,929 | 85,222 | (1,707) | 86,929 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 511,398 | - | - | - | 95,430 | 606,828 | 368,312 | 872,527 | 872,337 | (190) | 265,699 |
| 8295 All Other Federal Revenue | - | - | - | - | - | - | - | - | 368,312 | 872,527 | - | (872,527) | 872,527 |
| SUBTOTAL - Federal Revenue | - | - | 511,398 | - | - | - | 95,430 | 606,828 | 420,752 | 959,456 | 957,559 | (1,897) | 352,628 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|
| 8311 SpEd Revenue | 11,253 | 24,692 | 22,735 | 17,671 | 22,735 | 22,735 | 22,735 | 144,556 | 218,451 | 254,237 | 262,775 | 8,538 | 109,681 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 12,027 | - | 12,027 | 12,019 | 12,027 | 12,027 | - | (0) |
| 8560 StateLotteryRev | - | - | - | - | - | - | 24,024 | 24,024 | 95,821 | 83,453 | 83,453 | - | 59,429 |
| 8590 AllOthStateRev | - | - | 40,791 | - | - | - | - | 40,791 | - | 40,791 | 40,791 | - | - |
| 8595 AllOthStateRev PY | - | - | - | 427 | - | - | - | 427 | - | - | - | - | (427) |
| SUBTOTAL - Other State Revenue | 11,253 | 24,692 | 63,526 | 17,671 | 22,735 | 34,762 | 46,759 | 221,824 | 326,291 | 390,508 | 399,046 | 8,538 | 168,683 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|---|---|---|-------|---|---|---|-------|-------|--------|--------|-------|---------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | 2,228 | 2,228 | 2,228 | - | 2,228 |
| 8634 StudentLunchFee | - | - | - | 2,241 | - | - | - | 2,241 | - | - | 2,241 | 2,241 | (2,241) |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | 25,000 | 25,000 | - | 25,000 |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 2 | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 7,979 | (7,979) | - | - | - | 0 | - | - | - | - | (0) |
| | SUBTOTAL - Local Revenue | - | - | 7,979 | (5,738) | - | - | - | 2,241 | 2,228 | 27,228 | 29,469 | 2,241 | 24,987 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|-----------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|------------------|--|--|--|--|
| MSA 2 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | | | | | | | | | | | | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | 25,000 | - | - | - | 25,000 | 2,500 | 2,500 | 2,500 | - | (22,500) | | | | |
| 8803 | Fundraising | - | - | - | 9 | 656 | - | - | 666 | 30,341 | 30,341 | 30,341 | - | 29,675 | | | | |
| SUBTOTAL - Fundraising & Grants | | - | - | - | 25,009 | 656 | - | - | 25,666 | 32,841 | 32,841 | 32,841 | - | 7,175 | | | | |
| TOTAL REVENUE | | 84,796 | 305,472 | 1,030,180 | 378,421 | 364,868 | 376,240 | 697,653 | 3,238,055 | 5,251,773 | 6,207,758 | 6,207,986 | 228 | 2,969,702 | | | | |
| EXPENSES | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 78,233 | 86,721 | 150,881 | 161,176 | 167,478 | 160,030 | 230,310 | 1,034,829 | 2,005,828 | 1,930,386 | 1,929,233 | (1,153) | 895,557 | | | | |
| 1300 | Cert Adminis | 28,648 | 41,460 | 31,294 | 31,894 | 32,194 | 32,794 | 46,841 | 245,125 | 396,162 | 415,128 | 415,370 | 242 | 170,003 | | | | |
| SUBTOTAL - Certificated Salaries | | 106,881 | 128,181 | 182,175 | 193,070 | 199,672 | 192,824 | 277,151 | 1,279,954 | 2,401,990 | 2,345,514 | 2,344,603 | (911) | 1,065,560 | | | | |
| Classified Salaries | | | | | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | - | 3,271 | 6,930 | 6,931 | 6,616 | 6,933 | 11,255 | 41,936 | 75,059 | 90,239 | 90,239 | - | 48,303 | | | | |
| 2200 | Classified Support | 2,892 | 5,783 | 5,784 | 5,812 | 5,520 | 12,440 | 18,281 | 56,511 | 68,349 | 138,793 | 138,793 | - | 82,282 | | | | |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 2400 | Clerical & Tech | 14,772 | 24,424 | 27,142 | 27,642 | 21,668 | 21,584 | 37,394 | 174,626 | 382,074 | 335,230 | 335,230 | - | 160,603 | | | | |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| SUBTOTAL - Classified Salaries | | 17,664 | 33,479 | 39,856 | 40,384 | 33,804 | 40,957 | 66,930 | 273,074 | 525,482 | 564,262 | 564,262 | - | 291,188 | | | | |
| Employee Benefits | | | | | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 3,863 | 20,147 | 28,442 | 30,249 | 30,344 | 26,430 | 44,131 | 183,607 | 332,394 | 352,675 | 352,675 | - | 169,068 | | | | |
| 3102 | STRS-Classified | - | - | - | - | - | - | 314 | 314 | - | - | - | - | (314) | | | | |
| 3201 | PERS-Cert | - | 566 | 1,132 | 1,132 | 1,132 | 1,132 | 1,698 | 6,794 | - | 8,861 | 8,861 | - | 2,067 | | | | |
| 3202 | PERS-Classified | 2,965 | 6,750 | 8,247 | 8,293 | 8,018 | 8,293 | 12,321 | 54,886 | 127,564 | 118,496 | 118,496 | - | 63,610 | | | | |
| 3301 | OASDI/Med-Cert | 1,536 | 1,855 | 2,805 | 3,129 | 3,203 | 3,175 | 4,613 | 20,316 | 31,151 | 32,306 | 32,306 | - | 11,991 | | | | |
| 3302 | OASDI/Med-Class | 1,425 | 2,561 | 3,065 | 3,089 | 2,981 | 3,117 | 4,605 | 20,843 | 47,373 | 46,425 | 46,425 | - | 25,582 | | | | |
| 3401 | HlthWelfareCert | 1,581 | 29,429 | 29,111 | 32,238 | 31,315 | 27,738 | 29,615 | 181,028 | 266,893 | 345,462 | 347,169 | 1,707 | 164,434 | | | | |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 126,425 | 12,528 | 10,821 | (1,707) | 12,528 | | | | |
| 3501 | UI-Certificated | - | 343 | - | 52 | 373 | - | 350 | 1,118 | 20,882 | 2,095 | 2,095 | - | 977 | | | | |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 6,307 | 989 | 989 | - | 989 | | | | |
| 3601 | WorkersCmp-Cert | 7,220 | 2,407 | 2,407 | 2,407 | 2,407 | 2,407 | 2,407 | 21,662 | 32,327 | 32,327 | 28,877 | (3,450) | 10,665 | | | | |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| SUBTOTAL - Employee Benefits | | 18,590 | 64,057 | 75,210 | 80,590 | 79,774 | 72,292 | 100,054 | 490,567 | 991,316 | 952,164 | 948,714 | (3,450) | 461,597 | | | | |

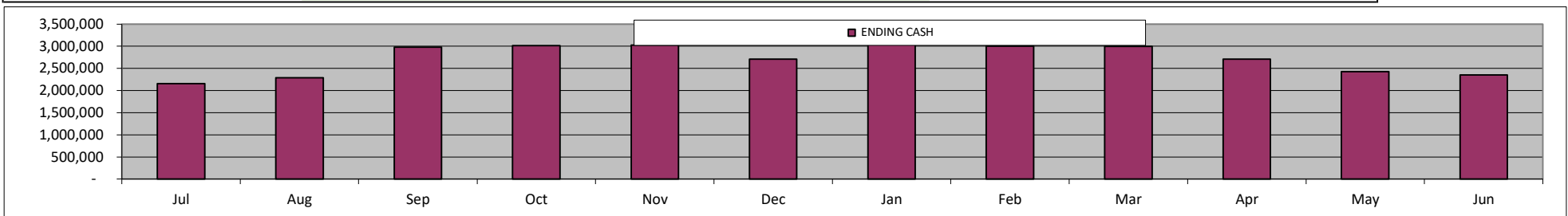
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|-------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------------|----------------|-----------------------------|--------------------------------|-----------------------------|---------------|--|--|--|--|
| MSA 2 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | | | | | | | | | | Adopted Budget | Proposed 2nd Interim Budget | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | | | | | |
| 4100 Text&CoreCurric | - | - | 9,585 | 14,672 | - | - | - | 24,257 | - | 28,000 | 28,000 | - | 3,743 | | | | | |
| 4200 BooksOthRefMats | - | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 | | | | | |
| 4300 Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4310 Ins Mats & Sups | - | 2,650 | 3,859 | 3,498 | 480 | (480) | - | 10,007 | 28,368 | 32,049 | 32,049 | - | 22,041 | | | | | |
| 4315 OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4320 Office Supplies | (19) | - | 39 | 312 | - | 102 | 407 | 841 | 500 | 13,500 | 13,500 | - | 12,659 | | | | | |
| 4325 ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4326 Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4335 PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4340 Educat Software | - | 2,500 | 16,910 | 6,723 | - | 5,336 | 8,631 | 40,100 | 83,155 | 56,655 | 56,655 | - | 16,555 | | | | | |
| 4345 NonInstStdntSup | - | - | 1,066 | 4,763 | 3,388 | 26,670 | 158 | 36,046 | 500 | 73,115 | 73,115 | - | 37,069 | | | | | |
| 4346 TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4350 Cust. Supplies | - | - | - | 64 | - | 113 | 119 | 296 | 1,000 | 8,500 | 8,500 | - | 8,204 | | | | | |
| 4351 Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4390 Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4400 NonCapEquip-Gen | - | - | - | - | - | - | - | - | 2,500 | 2,500 | 2,500 | - | 2,500 | | | | | |
| 4410 ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | 7,000 | 7,000 | - | 7,000 | | | | | |
| 4430 OfficeFurnEqp<5k | - | 10,134 | 1,383 | 11,116 | 13,861 | 4,360 | 3,129 | 43,983 | - | 45,000 | 45,000 | - | 1,017 | | | | | |
| 4440 Computers <\$5k | - | - | - | - | - | - | - | - | - | 28,000 | 33,000 | 5,000 | 28,000 | | | | | |
| 4461 Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4464 Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 256,412 | - | (256,412) | 256,412 | | | | | |
| 4710 Food | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 4720 Food:Other Food | - | - | - | - | - | - | - | - | 2,378 | 2,378 | 2,378 | - | 2,378 | | | | | |
| 4990 Prior Year Adj (Mat'ls) | - | - | - | 333 | - | - | - | 333 | - | - | - | - | (333) | | | | | |
| 4999 Misc Expenditure (Suspense) | - | - | 973 | 12 | 2,816 | (3,801) | - | - | - | - | - | - | - | | | | | |
| SUBTOTAL - Books and Supplies | (19) | 15,284 | 33,815 | 41,492 | 20,545 | 32,301 | 12,444 | 155,863 | 118,401 | 554,108 | 302,696 | (251,412) | 398,246 | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 2 | | | | | | | | | | | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | - | - | - | 332,440 | - | 332,440 | 704,858 | 794,858 | 794,858 | - | 462,418 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | 2,000 | 1,032 | (968) | 2,000 |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | 200 | 1,200 | 1,200 | - | 1,200 | |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5300 | DuesMemberships | - | 1,070 | - | 1,548 | - | - | 4,350 | 6,968 | - | 6,000 | 6,968 | 968 | (968) |
| 5450 | Other Insurance | 12,169 | 4,056 | 4,056 | 4,056 | 4,056 | 4,056 | 4,056 | 36,505 | 26,000 | 29,000 | 36,550 | 7,550 | (7,505) |
| 5500 | OpsHousekeeping | - | - | 1,296 | 13,612 | - | - | - | 14,908 | 2,000 | 17,000 | 17,000 | - | 2,092 |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5610 | Rent & Leases | 11,667 | 11,667 | 11,667 | 11,667 | 11,667 | 11,667 | 11,667 | 81,667 | 140,000 | 140,000 | 140,000 | - | 58,333 |
| 5620 | EquipmentLeases | - | - | - | 17 | 812 | 5,369 | 2,351 | 8,548 | 4,000 | 21,000 | 21,000 | - | 12,452 |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | 65 | 65 | - | 15,000 | 15,000 | - | 14,935 |
| 5800 | ProfessServices | 3,538 | 2,460 | 6,052 | 4,719 | 2,596 | 4,770 | 3,611 | 27,746 | 115,974 | 172,199 | 122,262 | (49,937) | 144,454 |
| 5810 | Legal | - | - | - | (5,703) | - | - | - | (5,703) | 2,500 | 5,000 | 3,369 | (1,631) | 10,703 |
| 5813 | SchPrgAftSchool | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | 10,500 | 10,500 | 10,500 | - | 10,500 |
| 5819 | SchlProgs-Other | - | - | - | 2,897 | - | 399 | 3,492 | 6,788 | 1,000 | 11,000 | 8,788 | (2,212) | 4,212 |
| 5820 | Audit & CPA | - | - | - | - | - | - | 3,000 | 3,000 | - | - | 3,000 | 3,000 | (3,000) |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5835 | Field Trips | - | - | - | - | - | - | 157 | 157 | 20,341 | 20,341 | 20,341 | - | 20,184 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5850 | Oversight Fees | - | - | - | - | - | - | - | 44,697 | 44,697 | 44,697 | - | 44,697 | |
| 5857 | Payroll Fees | 1,896 | 1,955 | 1,393 | 1,398 | 1,378 | 4,168 | 1,759 | 13,946 | 16,000 | 18,000 | 18,000 | - | 4,054 |
| 5860 | Service Fees | 42 | - | - | (34) | - | 137 | 139 | 284 | - | 500 | 500 | - | 216 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5863 | Prof Developmnt | - | - | - | 4,500 | - | 45 | - | 4,545 | - | 20,006 | 20,727 | 721 | 15,461 |
| 5864 | Prof Dev-Other | - | - | - | - | - | - | 21,000 | 21,000 | - | 25,000 | 30,000 | 5,000 | 4,000 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5869 | SpEd Ctrct Inst | - | 945 | 540 | - | - | - | - | 1,485 | 50,000 | 50,000 | 50,000 | - | 48,515 |
| 5870 | Livescan | - | - | - | - | - | - | - | 750 | 750 | 750 | 750 | - | 750 |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5884 | Substitutes | - | - | - | - | - | - | 611 | 611 | 5,000 | 82,000 | 82,000 | - | 81,389 |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5900 | Communications | - | - | 10 | 4,337 | 10 | - | - | 4,357 | - | 4,000 | 6,000 | 2,000 | (357) |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | 275 | 2,275 | 2,275 | - | 2,275 |
| 5920 | TelecomInternet | - | 251 | - | 724 | - | 10 | 301 | 1,286 | 7,550 | 7,550 | 7,550 | - | 6,264 |
| 5930 | PostageDelivery | - | 504 | - | - | 605 | - | - | 1,108 | - | 4,000 | 4,000 | - | 2,892 |
| 5940 | Technology | 479 | 479 | 958 | 11,337 | 870 | 479 | 479 | 15,081 | 8,650 | 16,150 | 18,150 | 2,000 | 1,069 |
| 5990 | Prior Year Adj (Services) | - | - | - | 5,717 | - | - | - | 5,717 | - | - | - | - | (5,717) |
| SUBTOTAL - Services & Other Operating Exp. | | 29,790 | 23,386 | 25,971 | 60,790 | 21,993 | 363,539 | 57,038 | 582,508 | 1,160,295 | 1,520,026 | 1,486,517 | (33,509) | 937,518 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 2 | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | 4,770 | 4,770 | 4,770 | 4,994 | 4,994 | 5,199 | 5,199 | 34,697 | 54,259 | 54,259 | 84,259 | 30,000 | 19,562 |
| SUBTOTAL - Capital Outlay & Depreciation | | 4,770 | 4,770 | 4,770 | 4,994 | 4,994 | 5,199 | 5,199 | 34,697 | 54,259 | 54,259 | 84,259 | 30,000 | 19,562 |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENSES | | 177,677 | 269,158 | 361,798 | 421,319 | 360,782 | 707,113 | 518,816 | 2,816,663 | 5,251,743 | 5,990,334 | 5,731,052 | (259,282) | 3,173,670 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-2 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 2,288,348 | 2,157,785 | 2,284,926 | 2,978,241 | 3,012,141 | 3,027,433 | 2,707,972 | 3,243,221 | 3,003,902 | 2,996,982 | 2,710,863 | 2,424,744 | 2,352,610 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 73,543 | 280,780 | 447,277 | 341,478 | 341,477 | 341,478 | 555,464 | 341,478 | 556,012 | 342,026 | 342,026 | 556,011 | 270,020 | 4,789,070 |
| LCFF State Deferrals | | | | | | | | | (117,763) | (182,976) | (182,976) | (182,976) | 666,691 | - |
| Federal Revenue | - | - | 511,398 | - | - | - | 95,430 | 68,771 | 68,771 | 68,771 | 68,771 | 68,771 | 6,877 | 957,559 |
| Other State Revenues | 11,253 | 24,692 | 63,526 | 17,671 | 22,735 | 34,762 | 46,759 | 34,833 | 34,833 | 34,833 | 34,833 | 34,833 | 3,483 | 399,046 |
| Other Local Revenues | - | - | 7,979 | 19,272 | 656 | - | - | 6,746 | 6,746 | 6,746 | 6,746 | 6,746 | 675 | 62,310 |
| Total Revenue | 84,796 | 305,472 | 1,030,180 | 378,421 | 364,868 | 376,240 | 697,653 | 451,828 | 548,598 | 269,400 | 269,400 | 483,385 | 947,747 | 6,207,985 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 106,881 | 128,181 | 182,175 | 193,070 | 199,672 | 192,824 | 277,151 | 208,755 | 208,755 | 208,755 | 208,755 | 208,755 | 20,875 | 2,344,603 |
| Classified Salaries | 17,664 | 33,479 | 39,856 | 40,384 | 33,804 | 40,957 | 66,930 | 57,096 | 57,096 | 57,096 | 57,096 | 57,096 | 5,710 | 564,262 |
| Benefits | 18,590 | 64,057 | 75,210 | 80,590 | 79,774 | 72,292 | 100,054 | 89,833 | 89,833 | 89,833 | 89,833 | 89,833 | 8,983 | 948,714 |
| Books and Supplies | (19) | 15,284 | 33,815 | 41,492 | 20,545 | 32,301 | 12,444 | 28,791 | 28,791 | 28,791 | 28,791 | 28,791 | 2,879 | 302,696 |
| Services and Operations | 29,790 | 23,386 | 25,971 | 60,790 | 21,993 | 363,539 | 57,038 | 177,257 | 177,257 | 177,257 | 177,257 | 177,257 | 17,726 | 1,486,517 |
| Depreciation / Cap Outlay | 4,770 | 4,770 | 4,770 | 4,994 | 4,994 | 5,199 | 5,199 | 9,718 | 9,718 | 9,718 | 9,718 | 9,718 | 972 | 84,259 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 177,677 | 269,158 | 361,798 | 421,319 | 360,782 | 707,113 | 518,816 | 571,449 | 571,449 | 571,449 | 571,449 | 571,449 | 57,145 | 5,731,052 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 319,228 | 128,032 | | 23,395 | | | | | | | | | | 470,655 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | 9,193 | (1) | (6,212) | (3,482) | | | 128,931 | (135,628) | | | | | | (7,198) |
| Fixed Assets - Depreciation Addback | 4,770 | 4,770 | 4,770 | 4,994 | 4,994 | 5,199 | 5,199 | 9,718 | 9,718 | 9,718 | 9,718 | 9,718 | | 83,287 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | (9,193) | | | | | | | | | | | | | (9,193) |
| Expenses - Prior Year Accruals | (361,681) | (41,974) | 20,163 | 45,680 | | | 216,071 | - | - | - | - | - | - | (121,741) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | | | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | 6,212 | | 62,120 |
| Loans Payable (Current) | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Long Term) | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | (37,682) | 90,828 | 24,934 | 76,798 | 11,206 | 11,411 | 356,413 | (119,698) | 15,930 | 15,930 | 15,930 | 15,930 | | 477,930 |
| Total Change in Cash | (130,563) | 127,141 | 693,315 | 33,900 | 15,292 | (319,461) | 535,250 | (239,319) | (6,920) | (286,119) | (286,119) | (72,134) | | 954,863 |
| ENDING CASH | 2,157,785 | 2,284,926 | 2,978,241 | 3,012,141 | 3,027,433 | 2,707,972 | 3,243,221 | 3,003,902 | 2,996,982 | 2,710,863 | 2,424,744 | 2,352,610 | <<< = 150 days cash | |



MSA-3 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$298,256.

This is an increase of \$230,443 from the original First Interim Budget projected surplus of \$67,812.

This will allow MSA-3 to end this fiscal year with a balance of \$1,092,461, which is 17.8% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,076,621, which represents 64 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$1,076,621, which represents 64 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = decrease of (\$35,401), or -0.5% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are (\$33,556) lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$265,844), or -4.2% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are (\$80,882) lower than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other facto

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$16,616 higher than in the First Interim Budget, reflecting updated depreciation and capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | Annual Budget | | | |
|--|----------------|----------------|------------------|----------------|----------------|----------------|----------------|-----------------------|---|-----------------------------|--------------------------------|-----------------------------|------------|--|
| MSA 3 | Jul | Aug | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | |
| | Actuals | Actuals | Sep Actuals | Actuals | Actuals | Actuals | | | | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 480 | 484 | 484 | - | | |
| SUMMARY | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 82,098 | 303,109 | 487,427 | 362,766 | 362,765 | 362,766 | 600,005 | 2,560,936 | 4,602,711 | 5,067,560 | 5,034,004 | (33,556) | 51% | |
| Federal Revenue | - | - | 455,320 | - | - | - | 65,195 | 520,515 | 375,195 | 817,250 | 817,268 | 18 | 64% | |
| Other State Revenues | 12,560 | 24,778 | 69,109 | 16,231 | 25,375 | 39,935 | 128,675 | 320,440 | 455,051 | 558,009 | 556,147 | (1,863) | 58% | |
| Other Local Revenues | - | - | 250 | 2,165 | - | - | - | 2,415 | 29,514 | 29,514 | 29,514 | - | 8% | |
| Total Revenue | 94,658 | 327,887 | 1,012,106 | 381,162 | 388,140 | 402,701 | 793,875 | 3,404,306 | 5,462,471 | 6,472,333 | 6,436,932 | (35,401) | 53% | |
| Expenditures | | | | | | | | | | | | | | |
| Certificated Salaries | 73,168 | 108,801 | 171,105 | 172,542 | 179,854 | 175,859 | 271,360 | 1,152,688 | 2,144,792 | 2,279,012 | 2,246,222 | (32,790) | 51% | |
| Classified Salaries | 12,942 | 36,960 | 54,920 | 60,677 | 60,258 | 59,034 | 77,673 | 362,464 | 486,454 | 713,222 | 661,744 | (51,479) | 55% | |
| Benefits | 18,714 | 50,849 | 81,057 | 90,260 | 82,587 | 89,661 | 106,915 | 520,044 | 1,079,015 | 1,014,750 | 1,018,136 | 3,387 | 51% | |
| Books and Supplies | 9 | 7,414 | 20,030 | 11,711 | 13,837 | 16,044 | 23,667 | 92,711 | 146,032 | 389,253 | 219,859 | (169,394) | 42% | |
| Services and Operating Exp. | 52,584 | 48,829 | 276,039 | 112,241 | 103,254 | 210,659 | 154,537 | 958,143 | 1,605,017 | 1,988,283 | 1,956,099 | (32,184) | 49% | |
| Depreciation & Cap Outlay | 784 | 784 | 784 | 784 | 784 | 784 | 784 | 5,485 | - | 20,000 | 36,616 | 16,616 | 15% | |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Expenditures | 158,200 | 253,637 | 603,934 | 448,215 | 440,574 | 552,041 | 634,936 | 3,091,536 | 5,461,310 | 6,404,521 | 6,138,677 | (265,844) | 50% | |
| Net Revenues | | | | | | | | 312,770 | 1,161 | 67,812 | 298,256 | 230,443 | | |
| | | | | | | | | | Fund Balance Beginning Balance (Unaud.) 794,205 Net Revenues 298,256 Ending Fund Balance 1,092,461 | | | | | |
| | | | | | | | | | Components of Fund Bal. Available For Econ. Uncert. 1,041,201 17.0% of Expenditures Restricted Balances (Est.) 18,400 0.3% of Expenditures Net Fixed Assets 32,859 0.5% of Expenditures Ending Fund Balance 1,092,461 17.8% of Expenditures | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | Year To Date | | | | Annual Budget | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|--------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|--|--|--|
| MSA 3 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | - | 140,724 | 140,724 | 253,302 | 253,302 | 253,302 | 253,302 | 1,294,656 | 2,783,093 | 2,750,306 | 2,716,750 | (33,556) | 1,455,650 |
| 8012 EPA Entitlement | - | - | 237,239 | - | - | - | 237,239 | 474,478 | 614,155 | 948,956 | 948,956 | - | 474,478 |
| 8019 Prior Year Adjustments | - | (1,811) | - | - | - | - | - | (1,811) | - | - | - | - | 1,811 |
| 8096 InLieuPropTaxes | 82,098 | 164,196 | 109,464 | 109,464 | 109,463 | 109,464 | 109,464 | 793,613 | 1,205,463 | 1,368,298 | 1,368,298 | - | 574,685 |
| SUBTOTAL - LCFF Entitlement | 82,098 | 303,109 | 487,427 | 362,766 | 362,765 | 362,766 | 600,005 | 2,560,936 | 4,602,711 | 5,067,560 | 5,034,004 | (33,556) | 2,506,624 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|----------|----------|----------------|----------|----------|----------|---------------|----------------|----------------|----------------|----------------|-----------|----------------|
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | 57,490 | 56,762 | 56,762 | - | 56,762 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 455,320 | - | - | - | 65,195 | 520,515 | 317,705 | 760,488 | 760,506 | 18 | 239,973 |
| 8295 All Other Federal Revenue | - | - | - | - | - | - | - | - | 317,705 | 760,488 | - | (760,488) | 760,488 |
| SUBTOTAL - Federal Revenue | - | - | 455,320 | - | - | - | 65,195 | 520,515 | 375,195 | 817,250 | 817,268 | 18 | 296,735 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 8311 SpEd Revenue | 12,560 | 24,778 | 25,375 | 16,231 | 25,375 | 25,375 | 25,375 | 155,069 | 229,882 | 283,810 | 281,947 | (1,863) | 128,741 |
| 8520 SchoolNtrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 14,560 | - | 14,560 | 13,611 | 14,560 | 14,560 | - | (0) |
| 8560 StateLotteryRev | - | - | - | - | - | - | 23,515 | 23,515 | 96,254 | 93,160 | 93,160 | - | 69,645 |
| 8590 AllOthStateRev | - | - | 43,734 | - | - | - | 79,785 | 123,519 | 115,304 | 166,480 | 166,480 | - | 42,961 |
| 8595 AllOthStateRev PY | - | - | - | 3,777 | - | - | - | 3,777 | - | - | - | - | (3,777) |
| SUBTOTAL - Other State Revenue | 12,560 | 24,778 | 69,109 | 16,231 | 25,375 | 39,935 | 128,675 | 320,440 | 455,051 | 558,009 | 556,147 | (1,863) | 237,569 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 3 | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | - | - | - | - | - | 963 | 963 | 963 | - | 963 |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 250 | (250) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | - | - | 250 | (250) | - | - | - | - | 963 | 963 | 963 | - | 963 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | | |
|--|-----------------------|--|--|--|--|--|--|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|---|
| MSA 3 | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Fundraising & Grants | | | | | | | | | | | | | | | | | | | | | | |
| 8802 | Donations - Private | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8803 | Fundraising | | | | | | | | - | - | - | 2,415 | - | - | - | 2,415 | 28,551 | 28,551 | 28,551 | - | 26,136 | |
| SUBTOTAL - Fundraising & Grants | | | | | | | | | - | - | - | 2,415 | - | - | - | 2,415 | 28,551 | 28,551 | 28,551 | - | 26,136 | |
| TOTAL REVENUE | | | | | | | | | 94,658 | 327,887 | 1,012,106 | 381,162 | 388,140 | 402,701 | 793,875 | 3,404,306 | 5,462,471 | 6,472,333 | 6,436,932 | (35,401) | 3,068,027 | |
| EXPENSES | | | | | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | | | | | | | | 46,488 | 74,777 | 135,090 | 136,562 | 143,874 | 139,404 | 217,390 | 893,585 | 1,719,939 | 1,825,457 | 1,792,667 | (32,790) | 931,872 | |
| 1300 | Cert Adminis | | | | | | | | 26,680 | 34,024 | 36,015 | 35,980 | 35,980 | 36,455 | 53,970 | 259,104 | 424,853 | 453,555 | 453,555 | - | 194,451 | |
| SUBTOTAL - Certificated Salaries | | | | | | | | | 73,168 | 108,801 | 171,105 | 172,542 | 179,854 | 175,859 | 271,360 | 1,152,688 | 2,144,792 | 2,279,012 | 2,246,222 | (32,790) | 1,126,324 | |
| Classified Salaries | | | | | | | | | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | | | | | | | | 2,466 | 13,848 | 24,471 | 20,931 | 22,720 | 23,855 | 33,981 | 142,272 | 299,341 | 385,872 | 374,550 | (11,322) | 243,600 | |
| 2200 | Classified Support | | | | | | | | 4,819 | 11,798 | 15,910 | 17,222 | 16,784 | 17,616 | 24,702 | 108,850 | 137,132 | 141,582 | 141,582 | - | 32,732 | |
| 2300 | Classified Admin | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | | | | | | | | 5,657 | 11,314 | 14,539 | 22,524 | 20,754 | 17,564 | 18,990 | 111,342 | 49,981 | 185,768 | 145,611 | (40,157) | 74,426 | |
| 2900 | OtherClassStaff | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | | | | | | | | | 12,942 | 36,960 | 54,920 | 60,677 | 60,258 | 59,034 | 77,673 | 362,464 | 486,454 | 713,222 | 661,744 | (51,479) | 350,759 | |
| Employee Benefits | | | | | | | | | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | | | | | | | | 2,595 | 16,319 | 26,524 | 26,816 | 27,997 | 28,947 | 42,051 | 171,249 | 399,413 | 340,051 | 334,609 | (5,442) | 168,801 | |
| 3102 | STRS-Classified | | | | | | | | - | - | 521 | 1,810 | 1,525 | 1,009 | 326 | 5,191 | - | - | - | - | (5,191) | |
| 3201 | PERS-Cert | | | | | | | | 641 | 1,283 | 1,283 | 1,283 | 1,283 | 1,283 | 1,924 | 8,981 | - | - | - | - | (8,981) | |
| 3202 | PERS-Classified | | | | | | | | 2,526 | 7,394 | 10,449 | 10,145 | 10,362 | 10,680 | 15,600 | 67,156 | 166,994 | 137,287 | 140,182 | 2,895 | 70,131 | |
| 3301 | OASDI/Med-Cert | | | | | | | | 1,376 | 2,055 | 2,862 | 2,883 | 2,988 | 2,938 | 4,502 | 19,603 | 33,482 | 31,895 | 33,076 | 1,182 | 12,291 | |
| 3302 | OASDI/Med-Class | | | | | | | | 985 | 2,812 | 3,979 | 3,924 | 4,002 | 4,108 | 5,786 | 25,596 | 53,789 | 54,561 | 55,638 | 1,077 | 28,965 | |
| 3401 | HlthWelfareCert | | | | | | | | 3,144 | 17,535 | 32,956 | 40,917 | 31,602 | 38,214 | 33,871 | 198,238 | 275,924 | 299,368 | 303,068 | 3,700 | 101,130 | |
| 3402 | HlthWelfareCert | | | | | | | | - | - | - | - | - | - | - | - | 115,960 | 115,045 | 115,045 | - | 115,045 | |
| 3501 | UI-Certificated | | | | | | | | - | 970 | - | - | 347 | - | 353 | 1,670 | 2,310 | 2,401 | 2,326 | (75) | 731 | |
| 3502 | UI-Classified | | | | | | | | - | - | - | - | - | - | - | - | 703 | 703 | 703 | - | 703 | |
| 3601 | WorkersCmp-Cert | | | | | | | | 7,447 | 2,482 | 2,482 | 2,482 | 2,482 | 2,482 | 2,482 | 22,339 | 30,440 | 33,440 | 33,440 | - | 11,101 | |
| 3701 | Other Retirement-Cert | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | | | | | | | | - | - | - | - | - | - | 14 | 14 | - | - | 25 | 25 | (14) | |
| 3902 | OthBenes-Class | | | | | | | | - | - | - | - | - | - | 7 | 7 | - | - | 25 | 25 | (7) | |
| SUBTOTAL - Employee Benefits | | | | | | | | | 18,714 | 50,849 | 81,057 | 90,260 | 82,587 | 89,661 | 106,915 | 520,044 | 1,079,015 | 1,014,750 | 1,018,136 | 3,387 | 494,706 | |

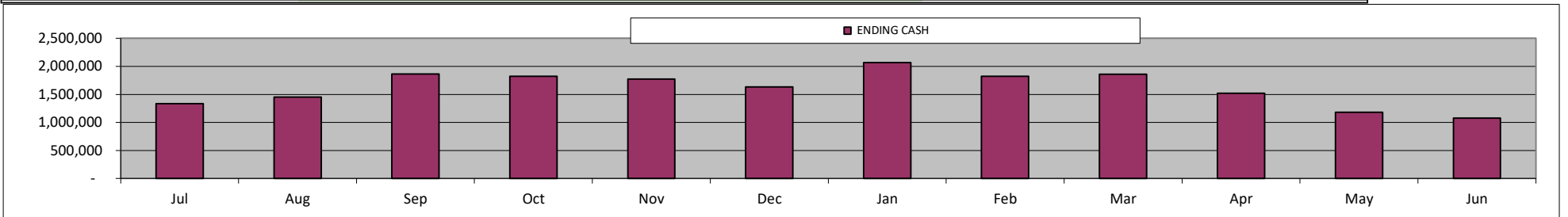
| 2020-21 Second Interim Budget Actuals through January 31, 2021 | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | |
|---|-----------------------------|----------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|------------------|----------------|------------|-----------------------|----------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 3 | | | | | | | | | Jul | Aug | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | | | | | | | | | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | Adopted Budget | Proposed 2nd Interim Budget | | |
| Books & Supplies | | | | | | | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | 254 | 406 | - | - | 8,087 | 8,746 | 22,693 | 22,939 | 31,242 | 8,303 | 14,193 | | | | | | |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | 21,164 | 4,999 | (16,165) | 21,164 | | | | | | |
| 4310 | Ins Mats & Sups | - | - | 253 | 280 | 1,020 | - | - | 1,553 | 10,592 | 23,915 | 23,050 | (865) | 22,361 | | | | | | |
| 4315 | OthrSupplies | - | - | - | 235 | - | 441 | - | 676 | 15,546 | 15,546 | 15,546 | - | 14,870 | | | | | | |
| 4320 | Office Supplies | 9 | 9 | 9 | 404 | 745 | 163 | 9 | 1,347 | 2,000 | 2,000 | 2,000 | - | 653 | | | | | | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4340 | Educat Software | - | - | 17,756 | 108 | 3,000 | 2,450 | 7,213 | 30,528 | 57,819 | 48,200 | 56,710 | 8,510 | 17,672 | | | | | | |
| 4345 | NonInstStdntSup | - | 7,406 | 1,733 | 10,228 | 6,339 | 15,772 | 8,358 | 49,835 | 9,382 | 93,382 | 76,312 | (17,070) | 43,547 | | | | | | |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4350 | Cust. Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | 3,000 | - | - | - | - | | | | | | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | - | 10,000 | 10,000 | - | | | | | | |
| 4410 | ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4440 | Computers <\$5k | - | - | - | - | - | - | - | - | 25,000 | 47,000 | 0 | (47,000) | 47,000 | | | | | | |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 115,108 | - | (115,108) | 115,108 | | | | | | |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | |
| 4999 | Misc Expenditure (Suspense) | - | - | 25 | 50 | 2,733 | (2,783) | - | 25 | - | - | - | - | (25) | | | | | | |
| SUBTOTAL - Books and Supplies | | 9 | 7,414 | 20,030 | 11,711 | 13,837 | 16,044 | 23,667 | 92,711 | 146,032 | 389,253 | 219,859 | (169,394) | 296,542 | | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|-------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|-----------------------|------------------|-----------------------------|--------------------------------|-----------------------------|------------------|--|--|--|--|
| MSA 3 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | | | | | | | | | | Adopted Budget | Proposed 2nd Interim Budget | | | | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 215,132 | 71,711 | - | 153,842 | 73,447 | 514,131 | 773,375 | 881,368 | 881,368 | - | 367,237 | | | | |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5300 | DuesMemberships | 15 | - | - | - | 187 | 5,269 | - | 5,471 | 6,000 | 6,000 | 7,000 | 1,000 | 529 | | | | |
| 5450 | Other Insurance | 12,132 | 4,044 | 4,044 | 4,044 | 4,044 | 4,044 | 4,044 | 36,396 | 27,000 | 35,125 | 38,125 | 3,000 | (1,271) | | | | |
| 5500 | OpsHousekeeping | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5610 | Rent & Leases | 30,234 | 30,234 | 30,234 | 11,900 | 25,650 | 25,650 | 25,650 | 179,551 | 282,803 | 362,803 | 362,803 | - | 183,252 | | | | |
| 5620 | EquipmentLeases | 658 | 411 | 329 | 392 | 832 | 361 | 822 | 3,806 | 1,200 | 16,000 | 16,000 | - | 12,194 | | | | |
| 5630 | Reps&MaintBldg | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5800 | ProfessServices | 4,121 | 8,246 | 6,714 | 6,294 | 1,835 | 7,835 | 2,953 | 37,998 | 29,357 | 89,900 | 94,872 | 4,972 | 51,902 | | | | |
| 5810 | Legal | - | - | 2,288 | 823 | 9,318 | 146 | 2,680 | 15,254 | 15,000 | 90,000 | 90,000 | - | 74,746 | | | | |
| 5813 | SchPrgAftSchool | - | - | - | - | 45,661 | - | 11,415 | 57,077 | 115,304 | 116,619 | 116,619 | - | 59,542 | | | | |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5819 | SchIProgs-Other | - | - | 500 | (230) | 1,400 | - | 11,568 | 13,238 | 1,500 | 21,323 | 21,323 | - | 8,085 | | | | |
| 5820 | Audit & CPA | - | - | - | - | - | 3,000 | - | 3,000 | 10,200 | 10,200 | 10,200 | - | 7,200 | | | | |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5840 | MarkngStdtRecrt | - | 600 | 2,000 | - | - | - | 10,000 | 12,600 | 3,000 | 11,000 | 17,700 | 6,700 | (1,600) | | | | |
| 5850 | Oversight Fees | - | - | - | - | - | - | - | - | 53,481 | 53,481 | 53,481 | - | 53,481 | | | | |
| 5857 | Payroll Fees | 1,706 | 1,878 | 1,528 | 1,554 | 1,579 | 4,274 | 2,021 | 14,540 | 14,000 | 20,000 | 30,000 | 10,000 | 5,460 | | | | |
| 5860 | Service Fees | - | - | 54 | - | - | 115 | 139 | 308 | - | - | 1,000 | 1,000 | (308) | | | | |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5863 | Prof Developmnt | - | - | 4,500 | 191 | 2,500 | 2,752 | 5,147 | 15,089 | - | 23,181 | 23,972 | 791 | 8,092 | | | | |
| 5864 | Prof Dev-Other | - | - | - | - | 8,000 | - | 990 | 8,990 | 31,084 | 32,500 | 19,767 | (12,733) | 23,510 | | | | |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5869 | SpEd Ctrct Inst | - | - | - | 4,446 | - | 93 | 186 | 4,725 | 206,000 | 48,570 | 46,707 | (1,863) | 43,845 | | | | |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 500 | 500 | 500 | - | 500 | | | | |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5884 | Substitutes | - | - | - | - | - | - | - | - | 5,000 | 85,000 | 40,000 | (45,000) | 85,000 | | | | |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 5900 | Communications | 15 | - | - | 833 | - | - | - | 848 | - | - | 1,000 | 1,000 | (848) | | | | |
| 5910 | Communications 2 | - | 150 | - | - | - | - | - | 150 | 200 | 200 | 200 | - | 50 | | | | |
| 5920 | TelecomInternet | 2,745 | 2,786 | 2,781 | 2,785 | 1,463 | 2,800 | 2,995 | 18,356 | - | 50,000 | 50,000 | - | 31,644 | | | | |
| 5930 | PostageDelivery | - | - | 504 | - | - | - | - | 504 | 2,000 | 6,000 | 6,000 | - | 5,497 | | | | |
| 5940 | Technology | 958 | 479 | 5,432 | 6,191 | 784 | 479 | 479 | 14,802 | 28,013 | 28,513 | 27,463 | (1,050) | 13,711 | | | | |
| 5990 | Prior Year Adj (Services) | - | - | - | 1,308 | - | - | - | 1,308 | - | - | - | - | (1,308) | | | | |
| SUBTOTAL - Services & Other Operating Exp. | | 52,584 | 48,829 | 276,039 | 112,241 | 103,254 | 210,659 | 154,537 | 958,143 | 1,605,017 | 1,988,283 | 1,956,099 | (32,184) | 1,030,140 | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | | |
|--|---|--|--|--|--|--|--|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|---|
| MSA 3 | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 6900 | Depreciation | | | | | | | | 784 | 784 | 784 | 784 | 784 | 784 | 784 | 5,485 | - | 20,000 | 36,616 | 16,616 | 14,515 | |
| SUBTOTAL - Capital Outlay & Depreciation | | | | | | | | | 784 | 784 | 784 | 784 | 784 | 784 | 784 | 5,485 | - | 20,000 | 36,616 | 16,616 | 14,515 | |
| Other Outflows | | | | | | | | | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 7310 | Indirect Costs | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 7438 | InterestExpense | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | | |
| SUBTOTAL - Other Outflows | | | | | | | | | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| TOTAL EXPENSES | | | | | | | | | 158,200 | 253,637 | 603,934 | 448,215 | 440,574 | 552,041 | 634,936 | 3,091,536 | 5,461,310 | 6,404,521 | 6,138,677 | (265,844) | 3,312,984 | |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-3 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 1,393,344 | 1,336,108 | 1,452,128 | 1,860,751 | 1,821,984 | 1,775,132 | 1,631,374 | 2,066,931 | 1,822,692 | 1,859,809 | 1,519,667 | 1,179,524 | 1,076,621 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 82,098 | 303,109 | 487,427 | 362,766 | 362,765 | 362,766 | 600,005 | 362,766 | 626,071 | 311,295 | 311,295 | 548,534 | 313,106 | 5,034,003 |
| LCFF State Deferrals | | | | | | | | | (112,835) | (175,319) | (175,319) | (175,319) | 638,791 | - |
| Federal Revenue | - | - | 455,320 | - | - | - | 65,195 | 58,187 | 58,187 | 58,187 | 58,187 | 58,187 | 5,819 | 817,268 |
| Other State Revenues | 12,560 | 24,778 | 69,109 | 16,231 | 25,375 | 39,935 | 128,675 | 46,958 | 46,958 | 46,958 | 46,958 | 46,958 | 4,696 | 556,147 |
| Other Local Revenues | - | - | 250 | 2,165 | - | - | - | 5,314 | 5,314 | 5,314 | 5,314 | 5,314 | 531 | 29,514 |
| Total Revenue | 94,658 | 327,887 | 1,012,106 | 381,162 | 388,140 | 402,701 | 793,875 | 473,224 | 623,693 | 246,434 | 246,434 | 483,673 | 962,943 | 6,436,931 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 73,168 | 108,801 | 171,105 | 172,542 | 179,854 | 175,859 | 271,360 | 214,418 | 214,418 | 214,418 | 214,418 | 214,418 | 21,442 | 2,246,222 |
| Classified Salaries | 12,942 | 36,960 | 54,920 | 60,677 | 60,258 | 59,034 | 77,673 | 58,682 | 58,682 | 58,682 | 58,682 | 58,682 | 5,868 | 661,744 |
| Benefits | 18,714 | 50,849 | 81,057 | 90,260 | 82,587 | 89,661 | 106,915 | 97,665 | 97,665 | 97,665 | 97,665 | 97,665 | 9,767 | 1,018,136 |
| Books and Supplies | 9 | 7,414 | 20,030 | 11,711 | 13,837 | 16,044 | 23,667 | 24,931 | 24,931 | 24,931 | 24,931 | 24,931 | 2,493 | 219,859 |
| Services and Operations | 52,584 | 48,829 | 276,039 | 112,241 | 103,254 | 210,659 | 154,537 | 195,678 | 195,678 | 195,678 | 195,678 | 195,678 | 19,568 | 1,956,099 |
| Depreciation / Cap Outlay | 784 | 784 | 784 | 784 | 784 | 784 | 784 | 6,104 | 6,104 | 6,104 | 6,104 | 6,104 | 610 | 36,616 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 158,200 | 253,637 | 603,934 | 448,215 | 440,574 | 552,041 | 634,936 | 597,478 | 597,478 | 597,478 | 597,478 | 597,478 | 59,748 | 6,138,677 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 310,446 | 133,916 | | 27,258 | | | | | | | | | | 471,620 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | (2,000) | | 5,396 | 6,503 | | | 70,581 | | | | | | | 80,481 |
| Fixed Assets - Depreciation Addback | 784 | 784 | 784 | 784 | 784 | 784 | 784 | 6,104 | 6,104 | 6,104 | 6,104 | 6,104 | | 36,006 |
| Fixed Assets - Acquisitions | | | (18,107) | | | | | | | | | | | (18,107) |
| Due To (From) | | | | | | | | | | | | | | - |
| Expenses - Prior Year Accruals | (302,923) | (92,930) | 7,580 | (11,057) | | | 200,456 | (130,887) | | | | | | (329,761) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | | | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | | 47,980 |
| Loans Payable (Current) | | | | | | | | | | | | | | - |
| Loans Payable (Long Term) | | | | | | | | | | | | | | - |
| Total Other Transactions | 6,306 | 41,770 | 451 | 28,286 | 5,582 | 5,582 | 276,619 | (119,985) | 10,902 | 10,902 | 10,902 | 10,902 | | 288,218 |
| Total Change in Cash | (57,236) | 116,020 | 408,623 | (38,767) | (46,852) | (143,758) | 435,558 | (244,239) | 37,117 | (340,142) | (340,142) | (102,903) | | 586,473 |
| ENDING CASH | 1,336,108 | 1,452,128 | 1,860,751 | 1,821,984 | 1,775,132 | 1,631,374 | 2,066,931 | 1,822,692 | 1,859,809 | 1,519,667 | 1,179,524 | 1,076,621 | <<< = 64 days cash | |



MSA-4 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$34,214.

This is an increase of \$52,537 from the original First Interim Budget projected deficit of (\$18,323).

This will allow MSA-4 to end this fiscal year with a balance of \$747,685, which is 40.7% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,152,690, which represents 229 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$1,152,690, which represents 229 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$6,473, or 0.3% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$0 lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$46,064), or -2.4% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$5,606 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other factors.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$2,154 higher than in the First Interim Budget, reflecting updated depreciation and encroachment projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | |
|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------|------------------|------------------------|--------------------------------|
| MSA 4 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 | Current Board- | Proposed 2nd | Current | Actuals as % of 2nd Interim |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | Budget | Adopted Budget | Interim Budget | Budget vs. 2nd Interim | |
| Projected Average Daily Attendance: | | | | | | | | | 158 | 125 | 125 | - | |
| SUMMARY | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | |
| LCFF Entitlement | 21,344 | 82,378 | 132,974 | 100,980 | 100,980 | 100,980 | 165,205 | 704,841 | 1,367,038 | 1,431,301 | 1,431,301 | - | 49% |
| Federal Revenue | 1,514 | 3,027 | 167,280 | 2,018 | 2,019 | 2,018 | 22,760 | 200,620 | 136,114 | 308,802 | 308,218 | (584) | 65% |
| Other State Revenues | 4,793 | 9,586 | 18,479 | 6,391 | 6,391 | 15,749 | 7,042 | 78,366 | 101,523 | 114,847 | 121,905 | 7,058 | 64% |
| Other Local Revenues | - | - | 129 | (129) | - | - | - | - | 9,823 | 9,823 | 9,823 | - | 0% |
| Total Revenue | 27,651 | 94,991 | 318,862 | 109,260 | 109,390 | 118,747 | 195,007 | 983,827 | 1,614,498 | 1,864,773 | 1,871,247 | 6,473 | 53% |
| Expenditures | | | | | | | | | | | | | |
| Certificated Salaries | 25,790 | 40,636 | 65,850 | 68,285 | 70,228 | 71,016 | 102,088 | 443,893 | 745,025 | 798,536 | 803,642 | 5,106 | 55% |
| Classified Salaries | 4,329 | 9,666 | 15,306 | 15,241 | 15,117 | 14,832 | 22,469 | 96,960 | 152,768 | 150,696 | 150,696 | - | 64% |
| Benefits | 6,649 | 18,661 | 23,598 | 26,990 | 28,032 | 26,907 | 34,090 | 164,927 | 373,383 | 317,269 | 317,769 | 500 | 52% |
| Books and Supplies | 13 | 2,586 | 7,684 | 15,651 | 9,643 | 7,377 | 13,254 | 56,208 | 118,322 | 200,277 | 133,000 | (67,277) | 42% |
| Services and Operating Exp. | 16,389 | 21,769 | 40,031 | 30,756 | 23,886 | 31,270 | 29,772 | 193,873 | 221,685 | 399,638 | 413,091 | 13,453 | 47% |
| Depreciation & Cap Outlay | - | - | - | - | - | 8,887 | - | 8,887 | - | 16,681 | 18,835 | 2,154 | 47% |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 53,170 | 93,318 | 152,469 | 156,923 | 146,905 | 160,290 | 201,673 | 964,748 | 1,611,183 | 1,883,097 | 1,837,033 | (46,064) | 53% |
| Net Revenues | | | | | | | | 19,079 | 3,315 | (18,323) | 34,214 | 52,537 | |
| | | | | | | | | | Fund Balance Beginning Balance (Unaud.) 713,471 Net Revenues 34,214 Ending Fund Balance 747,685 | | | | |
| | | | | | | | | | Components of Fund Bal. Available For Econ. Uncert. 711,354 38.7% of Expenditures Restricted Balances (Est.) 15,621 0.9% of Expenditures Net Fixed Assets 20,709 1.1% of Expenditures Ending Fund Balance 747,685 40.7% of Expenditures | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | |
|--|---------|--------------|---------|---------|---------|---------|---------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 4 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | - | 40,289 | 40,289 | 72,521 | 72,521 | 72,521 | 72,521 | 370,662 | 875,750 | 818,661 | 818,661 | - | 447,999 |
| 8012 EPA Entitlement | - | - | 64,226 | - | - | - | 64,225 | 128,451 | 170,292 | 256,902 | 256,902 | - | 128,451 |
| 8019 Prior Year Adjustments | - | (600) | - | - | - | - | - | (600) | - | - | - | - | 600 |
| 8096 InLieuPropTaxes | 21,344 | 42,689 | 28,459 | 28,459 | 28,459 | 28,459 | 28,459 | 206,328 | 320,996 | 355,738 | 355,738 | - | 149,410 |
| SUBTOTAL - LCFF Entitlement | 21,344 | 82,378 | 132,974 | 100,980 | 100,980 | 100,980 | 165,205 | 704,841 | 1,367,038 | 1,431,301 | 1,431,301 | - | 726,460 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|
| 8181 SpEd - Revenue | 1,514 | 3,027 | 2,018 | 2,018 | 2,019 | 2,018 | 2,018 | 14,632 | 24,310 | 25,229 | 24,734 | (495) | 10,597 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 165,262 | - | - | - | 20,742 | 186,004 | 111,804 | 283,573 | 283,484 | (89) | 97,569 |
| 8295 All Other Federal Revenue | - | (16) | - | - | - | - | - | (16) | 111,804 | 283,573 | - | (283,573) | 283,589 |
| SUBTOTAL - Federal Revenue | 1,514 | 3,027 | 167,280 | 2,018 | 2,019 | 2,018 | 22,760 | 200,620 | 136,114 | 308,802 | 308,218 | (584) | 108,182 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|---------------|----------------|----------------|----------------|--------------|---------------|
| 8311 SpEd Revenue | 4,793 | 9,586 | 6,391 | 6,391 | 6,391 | 10,997 | 6,391 | 50,940 | 72,109 | 73,787 | 80,844 | 7,058 | 22,846 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 4,752 | - | 4,752 | 5,654 | 4,752 | 4,752 | - | 0 |
| 8560 StateLotteryRev | - | - | - | - | - | - | 651 | 651 | 23,760 | 24,220 | 24,220 | - | 23,570 |
| 8590 AllOthStateRev | - | - | 12,088 | - | - | - | - | 12,088 | - | 12,088 | 12,088 | - | - |
| 8595 AllOthStateRev PY | - | 1,841 | - | 8,094 | - | - | - | 9,935 | - | - | - | - | (9,935) |
| SUBTOTAL - Other State Revenue | 4,793 | 9,586 | 18,479 | 6,391 | 6,391 | 15,749 | 7,042 | 78,366 | 101,523 | 114,847 | 121,905 | 7,058 | 36,481 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 4 | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 129 | (129) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | - | - | 129 | (129) | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 4 | | | | | | | | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8803 | Fundraising | - | - | - | - | - | - | - | - | 9,823 | 9,823 | 9,823 | - | 9,823 |
| SUBTOTAL - Fundraising & Grants | | - | - | - | - | - | - | - | - | 9,823 | 9,823 | 9,823 | - | 9,823 |
| TOTAL REVENUE | | 27,651 | 94,991 | 318,862 | 109,260 | 109,390 | 118,747 | 195,007 | 983,827 | 1,614,498 | 1,864,773 | 1,871,247 | 6,473 | 880,946 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 14,112 | 22,319 | 50,494 | 52,129 | 54,072 | 55,460 | 79,054 | 327,640 | 633,311 | 596,822 | 601,928 | 5,106 | 269,182 |
| 1300 | Cert Adminis | 11,678 | 18,317 | 15,356 | 16,156 | 16,156 | 15,556 | 23,034 | 116,253 | 111,714 | 201,714 | 201,714 | - | 85,461 |
| SUBTOTAL - Certificated Salaries | | 25,790 | 40,636 | 65,850 | 68,285 | 70,228 | 71,016 | 102,088 | 443,893 | 745,025 | 798,536 | 803,642 | 5,106 | 354,643 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 2,000 | 5,008 | 10,723 | 10,733 | 10,609 | 10,324 | 15,188 | 64,585 | 66,600 | 66,600 | 96,600 | 30,000 | 2,015 |
| 2200 | Classified Support | - | - | - | - | - | - | - | - | 30,000 | 30,000 | - | (30,000) | 30,000 |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 2,329 | 4,658 | 4,583 | 4,508 | 4,508 | 4,508 | 7,281 | 32,375 | 56,168 | 54,096 | 54,096 | - | 21,721 |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | | 4,329 | 9,666 | 15,306 | 15,241 | 15,117 | 14,832 | 22,469 | 96,960 | 152,768 | 150,696 | 150,696 | - | 53,736 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 1,581 | 6,563 | 10,635 | 11,028 | 11,293 | 11,750 | 16,651 | 69,501 | 82,384 | 135,584 | 135,584 | - | 66,083 |
| 3102 | STRS-Classified | - | 705 | 1,410 | 1,368 | 1,410 | 1,410 | 2,118 | 8,420 | - | - | - | - | (8,420) |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 467 | 1,067 | 1,328 | 1,342 | 1,323 | 1,248 | 1,936 | 8,710 | 51,021 | 13,033 | 13,033 | - | 4,323 |
| 3301 | OASDI/Med-Cert | 374 | 589 | 949 | 981 | 1,009 | 1,020 | 1,466 | 6,388 | 12,760 | 12,594 | 12,594 | - | 6,206 |
| 3302 | OASDI/Med-Class | 331 | 739 | 900 | (404) | 615 | 594 | 906 | 3,681 | 12,834 | 6,174 | 6,174 | - | 2,493 |
| 3401 | HlthWelfareCert | 1,051 | 7,898 | 7,427 | 11,856 | 10,520 | 9,939 | 9,939 | 58,631 | 156,785 | 116,319 | 116,319 | - | 57,688 |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 56,066 | 18,883 | 18,883 | - | 18,883 |
| 3501 | UI-Certificated | - | 152 | - | (129) | 914 | - | 126 | 1,063 | 1,375 | 829 | 1,329 | 500 | (234) |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 158 | 81 | 81 | - | 81 |
| 3601 | WorkersCmp-Cert | 2,845 | 948 | 948 | 948 | 948 | 948 | 948 | 8,533 | - | 13,772 | 13,772 | - | 5,239 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | | 6,649 | 18,661 | 23,598 | 26,990 | 28,032 | 26,907 | 34,090 | 164,927 | 373,383 | 317,269 | 317,769 | 500 | 152,342 |

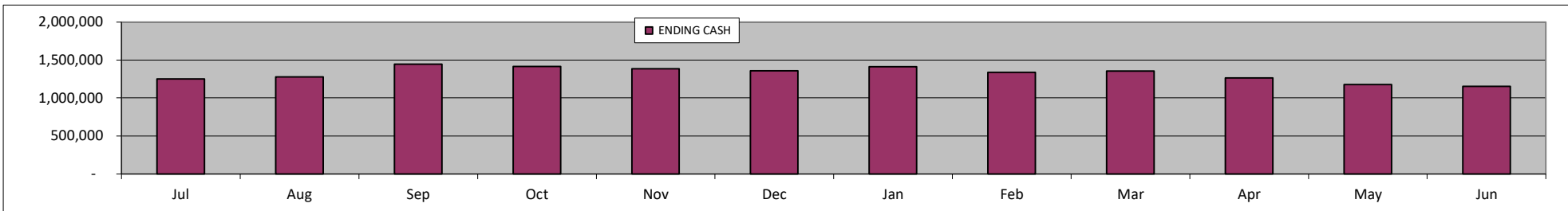
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 4 | | | | | | | | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | - | - | - | - | - | 4,402 | 5,964 | 7,027 | 1,064 | 5,964 |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | 900 | 900 | 15,318 | 2,724 | (12,594) | 14,418 | |
| 4310 | Ins Mats & Sups | - | - | - | - | - | - | - | 17,420 | 13,420 | 13,420 | - | 13,420 | |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4320 | Office Supplies | 13 | 13 | 39 | 118 | 88 | 82 | 41 | 394 | 19,223 | 12,723 | (6,500) | 18,829 | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4340 | Educat Software | - | - | 5,193 | 1,715 | 7,500 | - | - | 14,408 | 25,777 | 65,000 | 52,293 | (12,707) | 50,592 |
| 4345 | NonInstStdntSup | - | 2,573 | 2,399 | 13,819 | - | 6,493 | 12,436 | 37,719 | 2,378 | 39,800 | 39,800 | - | 2,081 |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4350 | Cust. Supplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4410 | ClssrmFmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4440 | Computers <\$5k | - | - | - | - | - | 2,857 | (123) | 2,734 | 67,345 | 5,283 | 5,013 | (270) | 2,549 |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | 36,270 | - | (36,270) | 36,270 | |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | (0) | - | (0) | - | - | - | - | 0 |
| 4999 | Misc Expenditure (Suspense) | - | - | 53 | - | 2,055 | (2,055) | - | 53 | - | - | - | - | (53) |
| SUBTOTAL - Books and Supplies | | 13 | 2,586 | 7,684 | 15,651 | 9,643 | 7,377 | 13,254 | 56,208 | 118,322 | 200,277 | 133,000 | (67,277) | 144,069 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|----------------|---------|--------|----------------|----------------|----------------|------------------------|-----------------|
| MSA 4 | | | | | | | | | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual | Adopted July 1 | Current Board- | Proposed 2nd | Current | Actuals as % of |
| | | | | | | | | | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | YTD | Budget | Adopted Budget | Interim Budget | Budget vs. 2nd Interim | 2nd Interim |
| Services & Other Operating Expenses | | | | | | | | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | - | 37,648 | 37,648 | - | 15,155 | | | | | | | |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5300 | DuesMemberships | - | - | 1,070 | 774 | - | 1,310 | - | 3,154 | - | 4,500 | 4,500 | - | 1,346 | | | | | | | |
| 5450 | Other Insurance | 99 | 33 | 33 | 33 | 33 | 33 | 33 | 297 | 22,000 | 16,000 | 16,000 | - | 15,703 | | | | | | | |
| 5500 | OpsHousekeeping | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5610 | Rent & Leases | 11,585 | 11,717 | 11,717 | 10,923 | 10,923 | 4,231 | 10,199 | 71,296 | 71,076 | 112,853 | 112,853 | - | 41,557 | | | | | | | |
| 5620 | EquipmentLeases | - | 1,132 | 377 | 377 | 698 | 1,502 | 377 | 4,464 | 1,200 | 9,200 | 9,200 | - | 4,736 | | | | | | | |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5800 | ProfessServices | 1,413 | 2,821 | 7,970 | 4,957 | 1,534 | 2,410 | 9,613 | 30,716 | 18,646 | 93,018 | 88,693 | (4,325) | 62,302 | | | | | | | |
| 5810 | Legal | - | - | - | - | - | - | - | - | 1,000 | 1,000 | 1,435 | 435 | 1,000 | | | | | | | |
| 5813 | SchPrgAftSchool | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5819 | SchlProgs-Other | - | - | - | - | 250 | - | - | 250 | - | - | - | - | (250) | | | | | | | |
| 5820 | Audit & CPA | - | - | - | - | - | 3,000 | - | 3,000 | - | - | 3,000 | 3,000 | (3,000) | | | | | | | |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5840 | MarkngStdtRecrt | - | - | - | 2,000 | - | - | - | 2,000 | - | - | - | - | (2,000) | | | | | | | |
| 5850 | Oversight Fees | 851 | 1,528 | 1,135 | 1,135 | 1,135 | 1,135 | 1,135 | 8,054 | 12,223 | 12,223 | 12,223 | - | 4,169 | | | | | | | |
| 5857 | Payroll Fees | 836 | 717 | 731 | 837 | 758 | 2,813 | 994 | 7,685 | 10,000 | 11,000 | 11,000 | - | 3,315 | | | | | | | |
| 5860 | Service Fees | - | - | - | - | - | 57 | 58 | 115 | - | - | - | - | (115) | | | | | | | |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5863 | Prof Developmnt | (575) | - | - | - | - | - | - | (575) | 500 | 500 | 3,636 | 3,136 | 1,075 | | | | | | | |
| 5864 | Prof Dev-Other | - | - | - | - | 4,000 | - | - | 4,000 | 5,809 | 5,460 | 6,521 | 1,061 | 1,460 | | | | | | | |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5869 | SpEd Ctrct Inst | - | - | - | 186 | 466 | 279 | 279 | 1,210 | 73,181 | 38,100 | 41,356 | 3,256 | 36,890 | | | | | | | |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 200 | 200 | 200 | - | 200 | | | | | | | |
| 5872 | SPED Fees (incl Encroachment) | 1,262 | 2,791 | 1,682 | 1,682 | 1,682 | 1,682 | 1,682 | 12,463 | - | 7,378 | 7,378 | - | (5,085) | | | | | | | |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5884 | Substitutes | - | - | - | 530 | 1,060 | 522 | - | 2,112 | 500 | 2,000 | 8,891 | 6,891 | (112) | | | | | | | |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5900 | Communications | - | - | - | 758 | - | - | - | 758 | - | - | - | - | (758) | | | | | | | |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 5920 | TelecomInternet | 371 | 756 | 758 | 796 | 762 | 5,293 | 1,914 | 10,650 | - | 20,051 | 20,051 | - | 9,401 | | | | | | | |
| 5930 | PostageDelivery | - | - | - | 220 | - | - | - | 220 | 2,000 | 2,000 | 2,000 | - | 1,780 | | | | | | | |
| 5940 | Technology | 548 | 274 | 5,147 | 2,157 | 585 | 274 | 274 | 9,257 | 3,350 | 26,507 | 26,507 | - | 17,250 | | | | | | | |
| 5990 | Prior Year Adj (Services) | - | - | - | 254 | - | - | - | 254 | - | - | - | - | (254) | | | | | | | |
| SUBTOTAL - Services & Other Operating Exp. | | 16,389 | 21,769 | 40,031 | 30,756 | 23,886 | 31,270 | 29,772 | 193,873 | 221,685 | 399,638 | 413,091 | 13,453 | 205,765 | | | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 4 | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | - | - | - | - | - | 8,887 | - | 8,887 | - | 16,681 | 18,835 | 2,154 | 7,794 |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | 8,887 | - | 8,887 | - | 16,681 | 18,835 | 2,154 | 7,794 |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENSES | | 53,170 | 93,318 | 152,469 | 156,923 | 146,905 | 160,290 | 201,673 | 964,748 | 1,611,183 | 1,883,097 | 1,837,033 | (46,064) | 918,348 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-4 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 1,317,106 | 1,249,251 | 1,277,472 | 1,443,107 | 1,412,483 | 1,383,170 | 1,358,716 | 1,411,124 | 1,337,793 | 1,353,805 | 1,265,359 | 1,176,912 | 1,152,690 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 21,344 | 82,378 | 132,974 | 100,980 | 100,980 | 100,980 | 165,205 | 100,980 | 179,639 | 95,254 | 95,254 | 159,478 | 95,854 | 1,431,300 |
| LCFF State Deferrals | | | | | | | | | (36,249) | (56,322) | (56,322) | (56,322) | 205,214 | - |
| Federal Revenue | 1,514 | 3,027 | 167,280 | 2,018 | 2,019 | 2,018 | 22,760 | 21,094 | 21,094 | 21,094 | 21,094 | 21,094 | 2,109 | 308,218 |
| Other State Revenues | 4,793 | 9,586 | 18,479 | 6,391 | 6,391 | 15,749 | 7,042 | 10,485 | 10,485 | 10,485 | 10,485 | 10,485 | 1,049 | 121,905 |
| Other Local Revenues | - | - | 129 | (129) | - | - | - | 1,926 | 1,926 | 1,926 | 1,926 | 1,926 | 193 | 9,823 |
| Total Revenue | 27,651 | 94,991 | 318,862 | 109,260 | 109,390 | 118,747 | 195,007 | 134,486 | 176,896 | 72,438 | 72,438 | 136,662 | 304,418 | 1,871,246 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 25,790 | 40,636 | 65,850 | 68,285 | 70,228 | 71,016 | 102,088 | 70,539 | 70,539 | 70,539 | 70,539 | 70,539 | 7,054 | 803,642 |
| Classified Salaries | 4,329 | 9,666 | 15,306 | 15,241 | 15,117 | 14,832 | 22,469 | 10,536 | 10,536 | 10,536 | 10,536 | 10,536 | 1,054 | 150,696 |
| Benefits | 6,649 | 18,661 | 23,598 | 26,990 | 28,032 | 26,907 | 34,090 | 29,969 | 29,969 | 29,969 | 29,969 | 29,969 | 2,997 | 317,769 |
| Books and Supplies | 13 | 2,586 | 7,684 | 15,651 | 9,643 | 7,377 | 13,254 | 15,057 | 15,057 | 15,057 | 15,057 | 15,057 | 1,506 | 133,000 |
| Services and Operations | 16,389 | 21,769 | 40,031 | 30,756 | 23,886 | 31,270 | 29,772 | 42,984 | 42,984 | 42,984 | 42,984 | 42,984 | 4,298 | 413,091 |
| Depreciation / Cap Outlay | - | - | - | - | - | 8,887 | - | 1,951 | 1,951 | 1,951 | 1,951 | 1,951 | 195 | 18,835 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 53,170 | 93,318 | 152,469 | 156,923 | 146,905 | 160,290 | 201,673 | 171,036 | 171,036 | 171,036 | 171,036 | 171,036 | 17,104 | 1,837,033 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 60,075 | 34,951 | | 5,387 | | | | | | | | | | 100,413 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | | 1,826 | (2,187) | 650 | | | (23,275) | | | | | | | (22,986) |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | 8,887 | - | 1,951 | 1,951 | 1,951 | 1,951 | 1,951 | 1,951 | 18,640 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | - | - | - | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 6,015 | 54,139 |
| Expenses - Prior Year Accruals | (102,411) | (10,229) | (757) | 2,801 | | | | | | | | | | (110,596) |
| Accounts Payable - Current Year | | | | | | | 74,148 | (46,932) | | | | | | 27,216 |
| Summer Holdback for Teachers | - | - | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 | 21,860 |
| Loans Payable (Current) | | | | | | | | | | | | | | - |
| Loans Payable (Long Term) | | | | | | | | | | | | | | - |
| Total Other Transactions | (42,336) | 26,548 | (758) | 17,039 | 8,201 | 17,089 | 59,074 | (36,780) | 10,152 | 10,152 | 10,152 | 10,152 | | 88,686 |
| Total Change in Cash | (67,855) | 28,221 | 165,635 | (30,624) | (29,313) | (24,454) | 52,408 | (73,331) | 16,011 | (88,446) | (88,446) | (24,222) | | 122,899 |
| ENDING CASH | 1,249,251 | 1,277,472 | 1,443,107 | 1,412,483 | 1,383,170 | 1,358,716 | 1,411,124 | 1,337,793 | 1,353,805 | 1,265,359 | 1,176,912 | 1,152,690 | <<< = 229 days cash | |



MSA-5 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$729,463.

This is an increase of \$402,737 from the original First Interim Budget projected surplus of \$326,726.

This will allow MSA-5 to end this fiscal year with a balance of \$2,797,026, which is 76.2% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,435,374, which represents 143 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$1,667,204, which represents 166 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$153,193, or 3.6% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$147,676 higher than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$249,544), or -6.4% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$21,043 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other fac

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$18,217 higher than in the First Interim Budget, reflecting updated depreciation and encroachment projections

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------------------------|------------------|------------------|------------------------|------------------------------|---------------|--|--|--|--|
| MSA 5 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual | Adopted | Current Board- | Proposed 2nd | Current | Actuals as % of | | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | YTD | July 1 Budget | Adopted Budget | Interim Budget | Budget vs. 2nd Interim | 2nd Interim | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 235 | 269 | 269 | - | | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | 46,780 | 178,705 | 283,278 | 217,199 | 217,200 | 217,199 | 352,090 | 1,512,451 | 3,168,635 | 3,367,216 | 3,514,892 | 147,676 | 43% | | | | | |
| Federal Revenue | - | - | 339,447 | - | - | - | 54,933 | 394,380 | 223,005 | 571,629 | 571,146 | (483) | 69% | | | | | |
| Other State Revenues | 7,157 | 19,997 | 40,364 | 3,372 | 14,460 | 21,997 | 56,959 | 164,306 | 261,925 | 305,130 | 311,130 | 6,000 | 53% | | | | | |
| Other Local Revenues | - | - | 10,444 | (444) | - | 4,772 | - | 14,772 | 1,867 | 1,867 | 1,867 | - | 791% | | | | | |
| Total Revenue | 53,937 | 198,702 | 673,533 | 220,127 | 231,660 | 243,968 | 463,982 | 2,085,909 | 3,655,432 | 4,245,842 | 4,399,035 | 153,193 | 47% | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 65,725 | 83,860 | 112,180 | 115,066 | 113,466 | 114,677 | 166,417 | 771,390 | 1,318,848 | 1,406,342 | 1,411,342 | 5,000 | 55% | | | | | |
| Classified Salaries | 15,526 | 24,842 | 30,880 | 30,812 | 30,110 | 30,485 | 44,177 | 206,832 | 349,964 | 337,616 | 337,616 | - | 61% | | | | | |
| Benefits | 13,021 | 42,172 | 54,805 | 60,287 | 53,495 | 50,967 | 66,625 | 341,372 | 650,150 | 613,856 | 629,899 | 16,043 | 54% | | | | | |
| Books and Supplies | 281 | 5,799 | 18,112 | 12,986 | 11,343 | 2,111 | 7,996 | 58,629 | 188,772 | 424,180 | 229,200 | (194,980) | 26% | | | | | |
| Services and Operating Exp. | 38,193 | 34,710 | 150,940 | 79,595 | 31,773 | 107,328 | 78,559 | 521,098 | 1,070,613 | 1,111,843 | 1,018,019 | (93,824) | 51% | | | | | |
| Depreciation & Cap Outlay | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 10,649 | 16,279 | 25,279 | 43,496 | 18,217 | 24% | | | | | |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| Total Expenditures | 134,268 | 192,903 | 368,437 | 300,268 | 241,709 | 307,090 | 365,295 | 1,909,970 | 3,594,626 | 3,919,116 | 3,669,572 | (249,544) | 52% | | | | | |
| Net Revenues | 175,939 | | | | | | | | 60,806 | 326,726 | 729,463 | 402,737 | | | | | | |
| | | | | | | | | | Fund Balance | | | | | | | | | |
| | | | | | | | | | Beginning Balance (Unaud.) | | | 2,067,563 | | | | | | |
| | | | | | | | | | Net Revenues | | | 729,463 | | | | | | |
| | | | | | | | | | Ending Fund Balance | | | 2,797,026 | | | | | | |
| | | | | | | | | | Components of Fund Bal. | | | | | | | | | |
| | | | | | | | | | Available For Econ. Uncert. | | | 2,715,493 | 74.0% of Expenditures | | | | | |
| | | | | | | | | | Restricted Balances (Est.) | | | 31,820 | 0.9% of Expenditures | | | | | |
| | | | | | | | | | Net Fixed Assets | | | 49,713 | 1.4% of Expenditures | | | | | |
| | | | | | | | | | Ending Fund Balance | | | 2,797,026 | 76.2% of Expenditures | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|---------------|--|--|--|--|
| MSA 5 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | - | 86,014 | 86,014 | 154,826 | 154,826 | 154,826 | 154,826 | 791,332 | 2,339,058 | 1,974,725 | 2,046,964 | 72,239 | 1,183,393 |
| 8012 EPA Entitlement | - | - | 134,891 | - | - | - | 134,891 | 269,782 | 59,144 | 528,148 | 603,585 | 75,437 | 258,366 |
| 8019 Prior Year Adjustments | - | (869) | - | - | - | - | - | (869) | - | - | - | - | 869 |
| 8096 InLieuPropTaxes | 46,780 | 93,560 | 62,373 | 62,373 | 62,374 | 62,373 | 62,373 | 452,206 | 770,433 | 864,343 | 864,343 | - | 412,137 |
| SUBTOTAL - LCFF Entitlement | 46,780 | 178,705 | 283,278 | 217,199 | 217,200 | 217,199 | 352,090 | 1,512,451 | 3,168,635 | 3,367,216 | 3,514,892 | 147,676 | 1,854,765 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|----------|----------|----------------|----------|----------|----------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | 32,716 | 32,343 | 32,343 | - | 32,343 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 339,447 | - | - | - | 54,933 | 394,380 | 190,289 | 539,286 | 538,803 | (483) | 144,906 |
| 8295 All Other Federal Revenue | - | - | - | - | - | - | - | - | 190,289 | 539,286 | - | (539,286) | 539,286 |
| SUBTOTAL - Federal Revenue | - | - | 339,447 | - | - | - | 54,933 | 394,380 | 223,005 | 571,629 | 571,146 | (483) | 177,249 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|
| 8311 SpEd Revenue | 7,157 | 19,997 | 14,460 | 3,372 | 14,460 | 14,460 | 14,460 | 88,366 | 152,610 | 179,280 | 179,280 | - | 90,914 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 7,537 | - | 7,537 | 6,548 | 9,137 | 9,137 | - | 1,600 |
| 8560 StateLotteryRev | - | - | - | - | - | - | 21,724 | 21,724 | 63,944 | 58,848 | 58,848 | - | 37,124 |
| 8590 AllOthStateRev | - | - | 25,904 | - | - | - | 20,774 | 46,678 | 38,823 | 57,865 | 63,865 | 6,000 | 11,186 |
| 8595 AllOthStateRev PY | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other State Revenue | 7,157 | 19,997 | 40,364 | 3,372 | 14,460 | 21,997 | 56,959 | 164,306 | 261,925 | 305,130 | 311,130 | 6,000 | 140,824 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|---|---|--------|---|---|-------|---|--------|---|---|---|---|----------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | 10,000 | - | - | 4,772 | - | 14,772 | - | - | - | - | (14,772) |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 5 | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 444 | (444) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | - | - | 10,444 | (444) | - | 4,772 | - | 14,772 | - | - | - | - | (14,772) |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Annual Budget | | | | | |
|--|-----------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 5 | Year To Date | | | | | | | | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8803 | Fundraising | - | - | - | - | - | - | - | - | 1,867 | 1,867 | 1,867 | - | 1,867 |
| SUBTOTAL - Fundraising & Grants | | - | - | - | - | - | - | - | - | 1,867 | 1,867 | 1,867 | - | 1,867 |
| TOTAL REVENUE | | 53,937 | 198,702 | 673,533 | 220,127 | 231,660 | 243,968 | 463,982 | 2,085,909 | 3,655,432 | 4,245,842 | 4,399,035 | 153,193 | 2,159,933 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 42,250 | 52,520 | 89,230 | 90,916 | 89,516 | 90,927 | 131,992 | 587,351 | 1,014,416 | 1,090,251 | 1,095,251 | 5,000 | 502,901 |
| 1300 | Cert Adminis | 23,475 | 31,340 | 22,950 | 24,150 | 23,950 | 23,750 | 34,425 | 184,040 | 304,432 | 316,091 | 316,091 | - | 132,052 |
| SUBTOTAL - Certificated Salaries | | 65,725 | 83,860 | 112,180 | 115,066 | 113,466 | 114,677 | 166,417 | 771,390 | 1,318,848 | 1,406,342 | 1,411,342 | 5,000 | 634,952 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 8,704 | 11,042 | 16,024 | 16,002 | 15,409 | 15,659 | 21,940 | 104,780 | 227,552 | 203,036 | 203,036 | - | 98,256 |
| 2200 | Classified Support | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 6,822 | 13,800 | 14,856 | 14,810 | 14,701 | 14,826 | 22,237 | 102,053 | 122,412 | 134,580 | 134,580 | - | 32,527 |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | | 15,526 | 24,842 | 30,880 | 30,812 | 30,110 | 30,485 | 44,177 | 206,832 | 349,964 | 337,616 | 337,616 | - | 130,784 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 3,186 | 13,058 | 17,070 | 18,170 | 18,301 | 16,040 | 26,840 | 112,663 | 254,318 | 216,424 | 217,224 | 800 | 103,761 |
| 3102 | STRS-Classified | - | - | - | - | - | - | - | - | 79,792 | - | - | - | - |
| 3201 | PERS-Cert | - | 499 | 1,311 | 499 | - | - | - | 2,309 | - | - | - | - | (2,309) |
| 3202 | PERS-Classified | 2,386 | 5,142 | 6,358 | 6,373 | 6,233 | 6,310 | 9,145 | 41,947 | - | 53,395 | 68,438 | 15,043 | 11,448 |
| 3301 | OASDI/Med-Cert | 953 | 1,364 | 2,014 | 1,813 | 1,640 | 1,658 | 2,406 | 11,848 | 20,563 | 20,497 | 20,497 | - | 8,649 |
| 3302 | OASDI/Med-Class | 1,188 | 1,900 | 2,362 | 2,357 | 2,303 | 2,332 | 3,380 | 15,823 | 26,772 | 25,293 | 25,293 | 0 | 9,470 |
| 3401 | HlthWelfareCert | 1,352 | 18,684 | 21,807 | 29,725 | 23,486 | 23,308 | 23,305 | 141,667 | 213,031 | 238,863 | 239,063 | 200 | 97,196 |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 42,962 | 44,312 | 44,312 | - | 44,312 |
| 3501 | UI-Certificated | - | 206 | - | 32 | 213 | - | 217 | 668 | 1,418 | 1,414 | 1,414 | - | 747 |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 349 | 349 | 349 | - | 349 |
| 3601 | WorkersCmp-Cert | 3,956 | 1,319 | 3,882 | 1,319 | 1,319 | 1,319 | 1,319 | 14,433 | 10,935 | 13,299 | 13,299 | - | (1,134) |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | 14 | 14 | 10 | 10 | 10 | - | (4) |
| SUBTOTAL - Employee Benefits | | 13,021 | 42,172 | 54,805 | 60,287 | 53,495 | 50,967 | 66,625 | 341,372 | 650,150 | 613,856 | 629,899 | 16,043 | 272,485 |

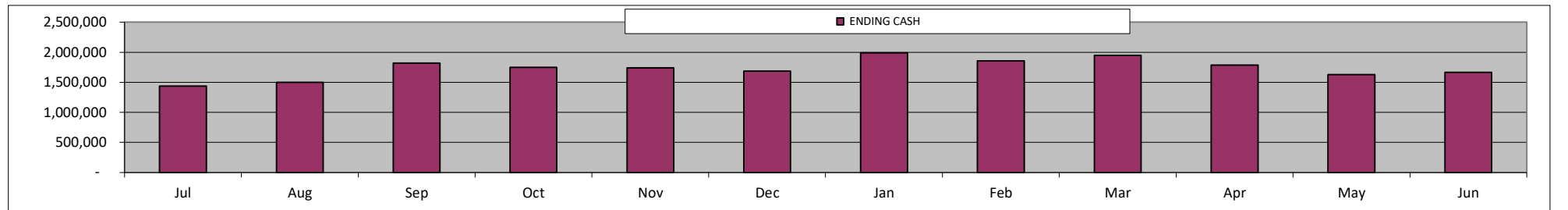
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | |
|--|-----------------------------|------------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|----------------|----------------|----------------|------------------|----------------|-------------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 5 | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| Books & Supplies | | | | | | | | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | 7,337 | - | - | - | 7,337 | 12,533 | 61,274 | 54,274 | (7,000) | 53,937 | | | | | | | |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | 4,530 | 4,530 | - | 4,530 | | | | | | | |
| 4310 | Ins Mats & Sups | - | - | - | - | 3,428 | 1,758 | 0 | 5,187 | 19,932 | 23,409 | 23,409 | - | 18,222 | | | | | | | |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4320 | Office Supplies | (14) | - | - | 417 | - | 3 | 17 | 423 | 500 | 60,500 | 31,467 | (29,033) | 60,077 | | | | | | | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4340 | Educat Software | - | - | 16,412 | 1,225 | 2,250 | 172 | 5,483 | 25,541 | 22,957 | 42,537 | 46,442 | 3,905 | 16,996 | | | | | | | |
| 4345 | NonInstStdntSup | - | 6,094 | 1,700 | 4,008 | 3,162 | 2,682 | 1,314 | 18,959 | 550 | 49,295 | 42,897 | (6,398) | 30,336 | | | | | | | |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4350 | Cust. Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4410 | ClssrmFmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4440 | Computers <\$5k | - | - | - | - | - | - | 1,182 | 1,182 | 71,800 | 21,527 | 1,182 | (20,345) | 20,345 | | | | | | | |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 86,108 | - | (86,108) | 86,108 | | | | | | | |
| 4710 | Food | - | - | - | - | - | - | - | - | 60,000 | 75,000 | 25,000 | (50,000) | 75,000 | | | | | | | |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | - | 500 | - | - | - | - | | | | | | | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | 0 | - | 0 | - | - | - | - | (0) | | | | | | | |
| 4999 | Misc Expenditure (Suspense) | 295 | (295) | - | - | 2,504 | (2,504) | - | - | - | - | - | - | - | | | | | | | |
| SUBTOTAL - Books and Supplies | | 281 | 5,799 | 18,112 | 12,986 | 11,343 | 2,111 | 7,996 | 58,629 | 188,772 | 424,180 | 229,200 | (194,980) | 365,551 | | | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 5 | Year To Date | | | | | | | | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | | | | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 118,824 | 39,608 | - | 70,707 | 38,190 | 267,328 | 475,295 | 458,277 | 458,277 | - | 190,949 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5300 | DuesMemberships | 250 | - | - | - | 300 | - | 3,842 | 4,392 | 7,500 | 7,500 | 7,500 | - | 3,108 |
| 5450 | Other Insurance | 7,690 | 2,563 | - | 2,563 | 2,563 | 2,563 | 2,563 | 20,505 | 19,000 | 30,756 | 34,789 | 4,033 | 10,251 |
| 5500 | OpsHousekeeping | - | - | - | - | - | - | - | - | 600 | 600 | 600 | - | 600 |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5610 | Rent & Leases | 20,791 | 20,791 | 20,791 | 20,791 | 20,791 | 20,791 | 20,791 | 145,534 | 249,487 | 249,487 | 221,000 | (28,487) | 103,953 |
| 5620 | EquipmentLeases | 318 | 280 | 480 | 208 | 943 | 264 | 1,542 | 4,035 | 8,200 | 10,200 | 10,200 | - | 6,165 |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5800 | ProfessServices | 2,038 | 4,396 | 4,545 | 4,019 | 1,930 | 2,687 | 4,419 | 24,034 | 99,415 | 127,088 | 83,761 | (43,327) | 103,053 |
| 5810 | Legal | - | 1,503 | - | - | - | - | 866 | 2,369 | 5,000 | 5,000 | 5,000 | - | 2,631 |
| 5813 | SchPrgAftSchool | 5,328 | 2,664 | 2,664 | 2,664 | 2,664 | 2,664 | 2,664 | 21,312 | 38,823 | 31,961 | 31,961 | - | 10,649 |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5819 | SchlProgs-Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5820 | Audit & CPA | - | - | 1,500 | - | - | 3,000 | - | 4,500 | 8,334 | 8,334 | 8,334 | - | 3,834 |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5835 | Field Trips | - | - | 325 | (369) | - | - | - | (44) | 4,817 | 4,817 | 4,817 | - | 4,861 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5850 | Oversight Fees | - | - | - | - | - | - | - | - | 31,686 | 31,686 | 31,686 | - | 31,686 |
| 5857 | Payroll Fees | 1,206 | 1,781 | 1,089 | 1,043 | 1,043 | 3,546 | 1,314 | 11,020 | 10,000 | 13,000 | 13,000 | - | 1,980 |
| 5860 | Service Fees | 26 | - | - | - | - | 80 | 82 | 189 | - | - | 500 | 500 | (189) |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | - | - | - | 42 | - | - | - | 42 | - | 6,538 | 6,538 | - | 6,497 |
| 5864 | Prof Dev-Other | - | - | - | - | - | - | - | - | 12,791 | 12,677 | 13,134 | 457 | 12,677 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | - | - | - | 821 | - | 1,567 | 2,387 | 31,216 | 35,000 | 20,000 | (15,000) | 32,613 |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 500 | 500 | 500 | - | 500 |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | 4,849 | - | - | - | - |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5884 | Substitutes | - | - | - | - | - | - | - | - | 30,000 | 27,000 | 15,000 | (12,000) | 27,000 |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5900 | Communications | - | 34 | 26 | 3,084 | 17 | 17 | 17 | 3,194 | 4,000 | 4,000 | 4,000 | - | 806 |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5920 | TelecomInternet | - | 424 | 423 | 423 | 428 | 426 | 429 | 2,552 | 5,000 | 20,817 | 20,817 | - | 18,265 |
| 5930 | PostageDelivery | - | - | - | 201 | - | - | - | 201 | 2,000 | 2,000 | 2,000 | - | 1,799 |
| 5940 | Technology | 548 | 274 | 274 | 4,463 | 274 | 585 | 274 | 6,690 | 22,100 | 24,605 | 24,605 | - | 17,915 |
| 5990 | Prior Year Adj (Services) | - | - | - | 856 | - | - | - | 856 | - | - | - | - | (856) |
| SUBTOTAL - Services & Other Operating Exp. | | 38,193 | 34,710 | 150,940 | 79,595 | 31,773 | 107,328 | 78,559 | 521,098 | 1,070,613 | 1,111,843 | 1,018,019 | (93,824) | 590,745 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|------------------|------------------|-----------------------------|--------------------------------|-----------------------------|--|--|--|--|
| MSA 5 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- | | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | |
| | | | | | | | | | | Adopted Budget | Adopted Budget | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 6900 | Depreciation | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 10,649 | 16,279 | 25,279 | 43,496 | 18,217 | 14,630 | | | | |
| SUBTOTAL - Capital Outlay & Depreciation | | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 10,649 | 16,279 | 25,279 | 43,496 | 18,217 | 14,630 | | | | |
| Other Outflows | | | | | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| TOTAL EXPENSES | | 134,268 | 192,903 | 368,437 | 300,268 | 241,709 | 307,090 | 365,295 | 1,909,970 | 3,594,626 | 3,919,116 | 3,669,572 | (249,544) | 2,009,146 | | | | |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-5 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 1,478,677 | 1,435,374 | 1,500,372 | 1,819,723 | 1,746,005 | 1,741,971 | 1,684,865 | 1,989,314 | 1,855,587 | 1,947,789 | 1,787,957 | 1,628,125 | 1,667,204 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 46,780 | 178,705 | 283,278 | 217,199 | 217,200 | 217,199 | 352,090 | 217,199 | 471,641 | 278,455 | 278,455 | 477,367 | 279,324 | 3,514,893 |
| LCFF State Deferrals | - | - | - | - | - | - | - | - | (106,272) | (165,121) | (165,121) | (165,121) | 601,635 | - |
| Federal Revenue | - | - | 339,447 | - | - | - | 54,933 | 34,660 | 34,660 | 34,660 | 34,660 | 34,660 | 3,466 | 571,146 |
| Other State Revenues | 7,157 | 19,997 | 40,364 | 3,372 | 14,460 | 21,997 | 56,959 | 28,789 | 28,789 | 28,789 | 28,789 | 28,789 | 2,879 | 311,130 |
| Other Local Revenues | - | - | 10,444 | (444) | - | 4,772 | - | (2,530) | (2,530) | (2,530) | (2,530) | (2,530) | (253) | 1,867 |
| Total Revenue | 53,937 | 198,702 | 673,533 | 220,127 | 231,660 | 243,968 | 463,982 | 278,118 | 426,287 | 174,253 | 174,253 | 373,165 | 887,050 | 4,399,036 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 65,725 | 83,860 | 112,180 | 115,066 | 113,466 | 114,677 | 166,417 | 125,481 | 125,481 | 125,481 | 125,481 | 125,481 | 12,548 | 1,411,342 |
| Classified Salaries | 15,526 | 24,842 | 30,880 | 30,812 | 30,110 | 30,485 | 44,177 | 25,644 | 25,644 | 25,644 | 25,644 | 25,644 | 2,564 | 337,616 |
| Benefits | 13,021 | 42,172 | 54,805 | 60,287 | 53,495 | 50,967 | 66,625 | 56,574 | 56,574 | 56,574 | 56,574 | 56,574 | 5,657 | 629,899 |
| Books and Supplies | 281 | 5,799 | 18,112 | 12,986 | 11,343 | 2,111 | 7,996 | 33,445 | 33,445 | 33,445 | 33,445 | 33,445 | 3,345 | 229,200 |
| Services and Operations | 38,193 | 34,710 | 150,940 | 79,595 | 31,773 | 107,328 | 78,559 | 97,435 | 97,435 | 97,435 | 97,435 | 97,435 | 9,744 | 1,018,019 |
| Depreciation / Cap Outlay | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 6,441 | 6,441 | 6,441 | 6,441 | 6,441 | 644 | 43,496 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 134,268 | 192,903 | 368,437 | 300,268 | 241,709 | 307,090 | 365,295 | 345,020 | 345,020 | 345,020 | 345,020 | 345,020 | 34,502 | 3,669,572 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 256,714 | 79,447 | - | - | - | - | - | - | - | - | - | - | - | 336,161 |
| Accounts Receivable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets/Accrual Adj | - | - | (4,494) | (2,858) | - | - | 74,441 | - | - | - | - | - | - | 67,089 |
| Fixed Assets - Depreciation Addback | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 1,521 | 6,441 | 6,441 | 6,441 | 6,441 | 6,441 | 6,441 | 42,852 |
| Fixed Assets - Acquisitions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due To (From) | - | - | 45,578 | - | - | - | - | - | - | - | - | - | - | 45,578 |
| Expenses - Prior Year Accruals | (221,208) | (21,769) | (32,844) | 3,266 | - | - | 125,306 | (77,759) | - | - | - | - | - | (225,008) |
| Accounts Payable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Summer Holdback for Teachers | - | - | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 4,494 | 44,940 |
| Loans Payable (Current) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Long Term) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | 37,027 | 59,199 | 14,255 | 6,423 | 6,015 | 6,015 | 205,762 | (66,824) | 10,935 | 10,935 | 10,935 | 10,935 | | 311,612 |
| Total Change in Cash | (43,303) | 64,999 | 319,351 | (73,718) | (4,034) | (57,107) | 304,449 | (133,727) | 92,202 | (159,832) | (159,832) | 39,080 | | 1,041,076 |
| ENDING CASH | 1,435,374 | 1,500,372 | 1,819,723 | 1,746,005 | 1,741,971 | 1,684,865 | 1,989,314 | 1,855,587 | 1,947,789 | 1,787,957 | 1,628,125 | 1,667,204 | <<< = 166 days cash | |



MSA-6 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$142,271.

This is an decrease of (\$29,724) from the original First Interim Budget projected surplus of \$171,995.

This will allow MSA-6 to end this fiscal year with a balance of \$1,963,391, which is 98.8% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,868,607, which represents 343 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$1,889,927, which represents 347 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$10,784, or 0.5% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$4,922 higher than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = increase of \$40,508, or 2.1% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$7,501 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other fact

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$21,394 higher than in the First Interim Budget, reflecting updated depreciation and encroachment projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|---------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|-----------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|---------------|--|--|--|--|
| MSA 6 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining | | | | | |
| REVENUE DETAIL | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | | | |
| LCFF Entitlement | | | | | | | | | | | | | | | | | | |
| 8011 State Aid | - | 35,776 | 35,776 | 64,397 | 64,397 | 64,397 | 64,397 | 329,140 | 881,384 | 859,263 | 864,185 | 4,922 | 530,123 | | | | | |
| 8012 EPA Entitlement | - | - | 61,395 | - | - | - | 61,395 | 122,790 | 190,183 | 290,445 | 290,445 | - | 167,655 | | | | | |
| 8019 Prior Year Adjustments | - | (553) | - | - | - | - | - | (553) | - | - | - | - | 553 | | | | | |
| 8096 InLieuPropTaxes | 22,328 | 44,656 | 29,771 | 29,771 | 29,771 | 29,771 | 29,771 | 215,839 | 392,303 | 440,121 | 440,121 | - | 224,282 | | | | | |
| SUBTOTAL - LCFF Entitlement | 22,328 | 79,879 | 126,942 | 94,168 | 94,168 | 94,168 | 155,563 | 667,216 | 1,463,870 | 1,589,829 | 1,594,751 | 4,922 | 922,613 | | | | | |
| Federal Revenue | | | | | | | | | | | | | | | | | | |
| 8181 SpEd - Revenue | 1,584 | 3,167 | 2,111 | 2,111 | 2,111 | 2,111 | 2,111 | 15,306 | 38,559 | 18,258 | 18,258 | - | 2,952 | | | | | |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8290 All Other Federal Revenue | - | - | 165,997 | - | - | - | 23,836 | 189,833 | 132,229 | 272,915 | 272,814 | (101) | 83,082 | | | | | |
| 8295 All Other Federal Revenue | - | 16 | - | - | - | - | - | 16 | 132,229 | 272,915 | - | (272,915) | 272,899 | | | | | |
| SUBTOTAL - Federal Revenue | 1,584 | 3,167 | 168,108 | 2,111 | 2,111 | 2,111 | 25,947 | 205,155 | 170,788 | 291,173 | 291,072 | (101) | 86,017 | | | | | |
| Other State Revenue | | | | | | | | | | | | | | | | | | |
| 8311 SpEd Revenue | 5,014 | 10,028 | 6,685 | 6,685 | 6,685 | 12,648 | 6,685 | 54,430 | 87,487 | 91,289 | 97,252 | 5,963 | 36,860 | | | | | |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8550 MandCstReimburs | - | - | - | - | - | 2,147 | - | 2,147 | 2,957 | 2,539 | 2,539 | - | 392 | | | | | |
| 8560 StateLotteryRev | - | - | - | - | - | - | 3,447 | 3,447 | 32,631 | 29,965 | 29,965 | - | 26,519 | | | | | |
| 8590 AllOthStateRev | - | - | - | - | - | - | - | - | 100,583 | 99,179 | 99,179 | - | 99,179 | | | | | |
| 8595 AllOthStateRev PY | - | 2,534 | - | 4,886 | - | 103 | - | 7,523 | - | - | - | - | (7,523) | | | | | |
| SUBTOTAL - Other State Revenue | 5,014 | 10,028 | 6,685 | 6,685 | 6,685 | 14,795 | 10,132 | 67,547 | 223,658 | 222,972 | 228,935 | 5,963 | 155,426 | | | | | |
| Local Revenue | | | | | | | | | | | | | | | | | | |
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8699 Other Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 6 | | | | | | | | | | | | | | |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 613 | (613) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | - | - | 613 | (613) | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|-----------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|-----------------------|------------------|-----------------------------|--------------------------------|-----------------------------|------------------|--|--|--|--|
| MSA 6 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | | | | | | | | | | Adopted Budget | Proposed 2nd Interim Budget | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 8803 | Fundraising | - | - | - | - | - | - | - | 15,642 | 15,642 | 15,642 | - | 15,642 | | | | | |
| SUBTOTAL - Fundraising & Grants | | - | - | - | - | - | - | - | 15,642 | 15,642 | 15,642 | - | 15,642 | | | | | |
| TOTAL REVENUE | | 28,926 | 93,074 | 302,348 | 102,351 | 102,964 | 111,074 | 191,642 | 939,918 | 1,873,958 | 2,119,616 | 2,130,400 | 10,784 | 1,179,698 | | | | |
| EXPENSES | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 27,267 | 26,025 | 49,919 | 39,280 | 40,080 | 39,580 | 59,070 | 281,221 | 663,897 | 577,838 | 581,838 | 4,000 | 296,617 | | | | |
| 1300 | Cert Adminis | 17,806 | 25,048 | 20,239 | 20,012 | 21,856 | 15,121 | 23,222 | 143,304 | 202,498 | 201,848 | 204,848 | 3,000 | 58,544 | | | | |
| SUBTOTAL - Certificated Salaries | | 45,073 | 51,073 | 70,158 | 59,292 | 61,936 | 54,701 | 82,292 | 424,525 | 866,395 | 779,686 | 786,686 | 7,000 | 355,161 | | | | |
| Classified Salaries | | | | | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 919 | - | - | 491 | 1,456 | 1,632 | 1,943 | 6,441 | 68,640 | 75,640 | 75,640 | - | 69,199 | | | | |
| 2200 | Classified Support | - | - | - | - | - | - | - | - | - | 41,600 | 41,600 | - | 41,600 | | | | |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 2400 | Clerical & Tech | 3,750 | 18,218 | 3,422 | 3,564 | 3,462 | 8,080 | 12,361 | 52,858 | 51,168 | 56,168 | 56,168 | - | 3,310 | | | | |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| SUBTOTAL - Classified Salaries | | 4,669 | 18,218 | 3,422 | 4,055 | 4,918 | 9,711 | 14,305 | 59,298 | 119,808 | 173,408 | 173,408 | - | 114,110 | | | | |
| Employee Benefits | | | | | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 1,747 | 7,496 | 9,480 | 8,848 | 9,126 | 9,308 | 13,231 | 59,235 | 134,883 | 123,820 | 123,820 | - | 64,585 | | | | |
| 3102 | STRS-Classified | 606 | 1,211 | - | - | - | - | - | 1,817 | - | - | - | - | (1,817) | | | | |
| 3201 | PERS-Cert | 467 | 933 | 933 | 933 | 933 | - | - | 4,199 | - | - | - | - | (4,199) | | | | |
| 3202 | PERS-Classified | 190 | 619 | 689 | 690 | 685 | 1,594 | 2,522 | 6,990 | 48,201 | 34,446 | 34,446 | - | 27,456 | | | | |
| 3301 | OASDI/Med-Cert | 793 | 1,017 | 1,231 | 1,134 | 1,198 | 849 | 1,186 | 7,408 | 11,024 | 10,388 | 10,388 | - | 2,980 | | | | |
| 3302 | OASDI/Med-Class | 125 | 450 | 262 | 310 | 376 | 743 | 1,094 | 3,360 | 18,637 | 13,427 | 13,427 | - | 10,067 | | | | |
| 3401 | HlthWelfareCert | 569 | 9,468 | 25,555 | 265 | 8,750 | 9,888 | 9,888 | 64,384 | 85,391 | 85,391 | 85,391 | - | 21,007 | | | | |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 80,083 | 45,959 | 45,959 | - | 45,959 | | | | |
| 3501 | UI-Certificated | - | 107 | - | - | 928 | - | 97 | 1,132 | 730 | 716 | 1,217 | 501 | (416) | | | | |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 271 | 174 | 174 | - | 174 | | | | |
| 3601 | WorkersCmp-Cert | 2,334 | 778 | 778 | 778 | 778 | 778 | 778 | 7,002 | - | 11,860 | 11,860 | - | 4,858 | | | | |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| SUBTOTAL - Employee Benefits | | 6,830 | 22,079 | 38,928 | 12,959 | 22,774 | 23,160 | 28,797 | 155,527 | 379,220 | 326,181 | 326,682 | 501 | 170,654 | | | | |

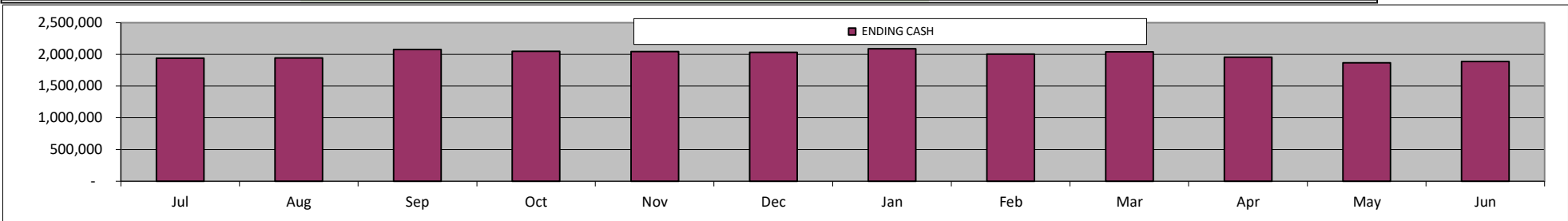
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------------|--------------|--------------|--------------|---------------|--------------|--------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 6 | | | | | | | | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | 285 | - | - | - | 285 | 6,550 | 7,378 | 7,378 | - | 7,094 |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | 19,980 | - | (19,980) | 19,980 |
| 4310 | Ins Mats & Sups | - | 492 | - | - | 360 | 2,869 | - | 3,721 | 8,475 | 13,443 | 12,133 | (1,310) | 9,722 |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4320 | Office Supplies | 31 | 50 | 25 | 27 | (134) | - | 38 | 38 | - | - | 1,000 | 1,000 | (38) |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4340 | Educat Software | - | - | 4,727 | 17,000 | - | - | - | 21,727 | 25,777 | 21,898 | 21,898 | - | 171 |
| 4345 | NonInstStdntSup | - | 2,808 | 723 | 6,639 | 1,158 | 4,298 | 955 | 16,580 | 1,500 | 43,729 | 38,498 | (5,231) | 27,149 |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4350 | Cust. Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4410 | ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4440 | Computers <\$5k | - | - | - | - | - | - | - | - | (14,000) | - | - | - | - |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 59,805 | - | (59,805) | 59,805 |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4720 | Food:Other Food | - | - | - | 1,105 | - | - | - | 1,105 | 500 | 2,853 | 2,853 | - | 1,748 |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4999 | Misc Expenditure (Suspense) | 0 | - | - | - | 2,075 | (2,075) | (195) | (195) | - | - | - | - | 195 |
| SUBTOTAL - Books and Supplies | | 31 | 3,351 | 5,476 | 25,056 | 3,459 | 5,092 | 798 | 43,262 | 28,802 | 169,087 | 83,761 | (85,326) | 125,825 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|----------------|-----------------------------|--------------------------------|-----------------------------|----------------|
| MSA 6 | Year To Date | | | | | | | | Current Board- | | | | | |
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | 34,028 | 37,648 | 37,648 | - | 15,155 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5300 | DuesMemberships | - | - | - | - | - | - | 1,340 | 1,340 | - | - | 3,000 | 3,000 | (1,340) |
| 5450 | Other Insurance | 7,486 | 2,495 | 2,495 | 2,495 | 2,495 | 2,495 | 2,495 | 22,456 | 22,000 | 11,000 | 28,961 | 17,961 | (11,456) |
| 5500 | OpsHousekeeping | - | - | - | 2,714 | 150 | - | 1,520 | 4,384 | - | - | 6,010 | 6,010 | (4,384) |
| 5510 | Gas & Electric | 309 | 347 | 578 | 758 | 19 | 172 | 266 | 2,448 | - | - | 9,000 | 9,000 | (2,448) |
| 5610 | Rent & Leases | 20,250 | 10,750 | 11,350 | 10,750 | 10,750 | 10,750 | 10,750 | 85,350 | 131,076 | 133,847 | 133,847 | - | 48,497 |
| 5620 | EquipmentLeases | 495 | 990 | 247 | 247 | 247 | 247 | 740 | 3,215 | 1,200 | 5,800 | 5,800 | - | 2,585 |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | - | - | - | - | 18,000 | 18,000 | - |
| 5800 | ProfessServices | 1,363 | 1,542 | 6,564 | 4,915 | 3,882 | 1,392 | 5,575 | 25,233 | 115,031 | 105,747 | 72,477 | (33,270) | 80,514 |
| 5810 | Legal | - | - | - | 338 | 59 | - | 6,757 | 7,154 | - | 10,000 | 25,500 | 15,500 | 2,846 |
| 5813 | SchPrgAftSchool | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5819 | SchlProgs-Other | - | - | - | - | - | - | - | - | - | 1,642 | 1,642 | - | 1,642 |
| 5820 | Audit & CPA | - | - | - | - | - | - | 3,000 | 3,000 | - | 5,000 | 5,000 | - | 2,000 |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | 9,302 | 9,302 | - | 9,302 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5850 | Oversight Fees | 800 | 1,534 | 1,067 | 1,067 | 1,066 | 1,067 | 1,067 | 7,668 | - | 13,398 | 13,398 | - | 5,730 |
| 5857 | Payroll Fees | 808 | 810 | 704 | 663 | 677 | 2,901 | 906 | 7,469 | 10,000 | 9,000 | 9,000 | - | 1,531 |
| 5860 | Service Fees | - | - | - | (613) | - | 37 | 42 | (534) | - | - | - | - | 534 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | - | - | 3,499 | - | - | - | 1,060 | 4,559 | - | 9,382 | 9,382 | - | 4,823 |
| 5864 | Prof Dev-Other | - | - | - | - | - | 2,201 | 2,201 | 4,402 | 11,598 | 15,000 | 15,209 | 209 | 10,598 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | - | 186 | 897 | - | 3,226 | 17,299 | 21,608 | 70,490 | 38,078 | 64,578 | 26,500 | 16,469 |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 500 | 500 | 500 | - | 500 |
| 5872 | SPED Fees (incl Encroachment) | 1,320 | 3,061 | 1,760 | 1,760 | 1,758 | 1,760 | 1,760 | 13,179 | - | 10,657 | 10,657 | - | (2,522) |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5884 | Substitutes | - | - | - | - | 3,500 | - | 876 | 4,376 | 27,000 | 27,000 | 67,029 | 40,029 | 22,624 |
| 5890 | OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | 6,000 | 6,000 | - | 6,000 |
| 5900 | Communications | - | - | - | 1,120 | - | - | - | 1,120 | - | 1,000 | 1,000 | - | (120) |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5920 | TelecomInternet | 241 | 241 | 241 | 242 | 242 | 243 | - | 1,450 | - | 22,700 | 16,700 | (6,000) | 21,250 |
| 5930 | PostageDelivery | - | - | - | - | - | - | - | - | 1,000 | 3,000 | 3,000 | - | 3,000 |
| 5940 | Technology | 548 | 274 | 5,147 | 2,809 | 585 | 274 | 274 | 9,910 | 20,350 | 23,559 | 23,559 | - | 13,649 |
| 5990 | Prior Year Adj (Services) | - | - | - | 158 | - | - | - | 158 | - | - | - | - | (158) |
| SUBTOTAL - Services & Other Operating Exp. | | 33,619 | 22,045 | 43,251 | 33,458 | 25,430 | 36,496 | 58,141 | 252,439 | 444,273 | 499,260 | 596,199 | 96,939 | 246,820 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 6 | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | - | - | - | - | - | 6,919 | - | 6,919 | - | - | 21,394 | 21,394 | (6,919) |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | 6,919 | - | 6,919 | - | - | 21,394 | 21,394 | (6,919) |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENSES | | 90,222 | 116,766 | 161,235 | 134,819 | 118,517 | 136,079 | 184,332 | 941,970 | 1,838,498 | 1,947,621 | 1,988,129 | 40,508 | 1,005,651 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-6 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 2,017,339 | 1,938,663 | 1,941,743 | 2,074,881 | 2,048,638 | 2,041,449 | 2,031,726 | 2,087,048 | 2,004,453 | 2,038,487 | 1,953,547 | 1,868,607 | 1,889,927 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 22,328 | 79,879 | 126,942 | 94,168 | 94,168 | 94,168 | 155,563 | 94,168 | 220,362 | 126,548 | 126,548 | 232,808 | 127,102 | 1,594,751 |
| LCFF State Deferrals | | | | | | | | | (45,436) | (70,597) | (70,597) | (70,597) | 257,228 | - |
| Federal Revenue | 1,584 | 3,167 | 168,108 | 2,111 | 2,111 | 2,111 | 25,947 | 16,850 | 16,850 | 16,850 | 16,850 | 16,850 | 1,685 | 291,072 |
| Other State Revenues | 5,014 | 10,028 | 6,685 | 6,685 | 6,685 | 14,795 | 10,132 | 33,120 | 33,120 | 33,120 | 33,120 | 33,120 | 3,312 | 228,935 |
| Other Local Revenues | - | - | 613 | (613) | - | - | - | 3,067 | 3,067 | 3,067 | 3,067 | 3,067 | 307 | 15,642 |
| Total Revenue | 28,926 | 93,074 | 302,348 | 102,351 | 102,964 | 111,074 | 191,642 | 147,205 | 227,962 | 108,987 | 108,987 | 215,247 | 389,633 | 2,130,400 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 45,073 | 51,073 | 70,158 | 59,292 | 61,936 | 54,701 | 82,292 | 71,012 | 71,012 | 71,012 | 71,012 | 71,012 | 7,101 | 786,686 |
| Classified Salaries | 4,669 | 18,218 | 3,422 | 4,055 | 4,918 | 9,711 | 14,305 | 22,374 | 22,374 | 22,374 | 22,374 | 22,374 | 2,237 | 173,408 |
| Benefits | 6,830 | 22,079 | 38,928 | 12,959 | 22,774 | 23,160 | 28,797 | 33,560 | 33,560 | 33,560 | 33,560 | 33,560 | 3,356 | 326,682 |
| Books and Supplies | 31 | 3,351 | 5,476 | 25,056 | 3,459 | 5,092 | 798 | 7,941 | 7,941 | 7,941 | 7,941 | 7,941 | 794 | 83,761 |
| Services and Operations | 33,619 | 22,045 | 43,251 | 33,458 | 25,430 | 36,496 | 58,141 | 67,404 | 67,404 | 67,404 | 67,404 | 67,404 | 6,740 | 596,199 |
| Depreciation / Cap Outlay | - | - | - | - | - | 6,919 | - | 2,838 | 2,838 | 2,838 | 2,838 | 2,838 | 284 | 21,394 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 90,222 | 116,766 | 161,235 | 134,819 | 118,517 | 136,079 | 184,332 | 205,129 | 205,129 | 205,129 | 205,129 | 205,129 | 20,513 | 1,988,129 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 70,538 | 38,843 | | 5,403 | | | | | | | | | | 114,784 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | | 2,552 | (11,343) | (2,840) | | | (16,986) | | | | | | | (28,617) |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | 6,919 | - | 2,838 | 2,838 | 2,838 | 2,838 | 2,838 | 2,838 | 21,110 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | | | | 7,021 | 7,021 | 7,021 | 7,021 | 7,021 | 7,021 | 7,021 | 7,021 | 7,021 | | 63,193 |
| Expenses - Prior Year Accruals | (87,918) | (14,622) | 2,025 | (4,701) | | | 56,635 | (35,872) | | | | | | (84,453) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | - | - | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | 1,342 | | 13,420 |
| Loans Payable (Current) | | | | | | | | | | | | | | - |
| Loans Payable (Long Term) | | | | | | | | | | | | | | - |
| Total Other Transactions | (17,380) | 26,773 | (7,976) | 6,225 | 8,363 | 15,282 | 48,013 | (24,670) | 11,202 | 11,202 | 11,202 | 11,202 | | 99,437 |
| Total Change in Cash | (78,676) | 3,081 | 133,138 | (26,243) | (7,189) | (9,723) | 55,322 | (82,595) | 34,034 | (84,940) | (84,940) | 21,320 | | 241,708 |
| ENDING CASH | 1,938,663 | 1,941,743 | 2,074,881 | 2,048,638 | 2,041,449 | 2,031,726 | 2,087,048 | 2,004,453 | 2,038,487 | 1,953,547 | 1,868,607 | 1,889,927 | <<< = 347 days cash | |



MSA-7 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$69,881.

This is an decrease of (\$5,354) from the original First Interim Budget projected surplus of \$75,235.

This will allow MSA-7 to end this fiscal year with a balance of \$1,858,729, which is 45.8% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,348,912, which represents 121 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$1,348,912, which represents 121 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = decrease of (\$5,131), or -0.1% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$0 lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = increase of \$223, or 0.0% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$10,000 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other factors.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$42,711 higher than in the First Interim Budget, reflecting updated depreciation and capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--|------------------|------------------|------------------------|-----------------|---------------|--|--|--|--|
| MSA 7 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 | Current Board- | Proposed 2nd | Current | Actuals as % of | | | | | |
| | | | | | | | | | Budget | Adopted Budget | Interim Budget | Budget vs. 2nd Interim | 2nd Interim | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 280 | 279 | 279 | - | | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | 48,550 | 176,649 | 274,767 | 209,993 | 209,992 | 209,993 | 339,328 | 1,469,272 | 2,756,382 | 2,988,643 | 2,988,643 | - | 49% | | | | | |
| Federal Revenue | 3,443 | 6,886 | 275,555 | 4,591 | 4,591 | 4,591 | 42,159 | 341,606 | 234,924 | 501,443 | 500,284 | (1,159) | 68% | | | | | |
| Other State Revenues | 10,902 | 21,804 | 39,596 | 14,536 | 14,537 | 27,112 | 145,493 | 284,345 | 596,814 | 625,562 | 621,589 | (3,972) | 46% | | | | | |
| Other Local Revenues | 700 | - | 1,256 | (1,150) | 54 | - | - | 861 | 15,756 | 15,756 | 15,756 | - | 5% | | | | | |
| Total Revenue | 63,595 | 205,339 | 591,174 | 227,970 | 229,174 | 241,696 | 526,980 | 2,096,083 | 3,603,876 | 4,131,404 | 4,126,273 | (5,131) | 51% | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 74,443 | 67,786 | 104,611 | 106,688 | 109,138 | 108,296 | 155,698 | 726,660 | 1,203,556 | 1,321,046 | 1,325,046 | 4,000 | 55% | | | | | |
| Classified Salaries | 6,121 | 16,078 | 30,638 | 34,450 | 30,941 | 31,132 | 39,594 | 188,955 | 390,188 | 420,975 | 426,975 | 6,000 | 44% | | | | | |
| Benefits | 10,620 | 32,015 | 44,836 | 49,208 | 46,608 | 49,524 | 58,701 | 292,522 | 593,958 | 572,539 | 572,539 | - | 51% | | | | | |
| Books and Supplies | 60 | 8,077 | 11,600 | 20,571 | 11,948 | 36,500 | 6,055 | 89,799 | 83,560 | 293,790 | 240,251 | (53,539) | 37% | | | | | |
| Services and Operating Exp. | 100,681 | 67,942 | 186,640 | 117,684 | 68,503 | 141,048 | 125,866 | 808,364 | 1,196,116 | 1,435,819 | 1,436,869 | 1,050 | 56% | | | | | |
| Depreciation & Cap Outlay | - | - | - | - | - | 24,857 | - | 24,857 | 30,000 | 12,000 | 54,711 | 42,711 | 45% | | | | | |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| Total Expenditures | 191,925 | 191,898 | 378,326 | 328,601 | 267,138 | 391,358 | 385,914 | 2,131,157 | 3,497,378 | 4,056,169 | 4,056,391 | 223 | 53% | | | | | |
| Net Revenues | | | | | | | | | (35,074) | 106,498 | 75,235 | 69,881 | (5,354) | | | | | |
| | | | | | | | | | Fund Balance Beginning Balance (Unaud.) 1,788,847 Net Revenues 69,881 Ending Fund Balance 1,858,729 | | | | | | | | | |
| | | | | | | | | | Components of Fund Bal. Available For Econ. Uncert. 1,690,110 41.7% of Expenditures Restricted Balances (Est.) 21,838 0.5% of Expenditures Net Fixed Assets 146,781 3.6% of Expenditures Ending Fund Balance 1,858,729 45.8% of Expenditures | | | | | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-----------------------|------------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------------------|--|--|--|--|
| MSA 7 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | |
| | | | | | | | | | | Adopted July 1 Budget | Proposed 2nd Interim Budget | | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|
| 8011 State Aid | - | 80,700 | 80,700 | 145,260 | 145,260 | 145,260 | 145,260 | 742,440 | 1,688,115 | 1,662,147 | 1,662,147 | - | 919,707 |
| 8012 EPA Entitlement | - | - | 129,334 | - | - | - | 129,335 | 258,669 | 341,394 | 517,337 | 517,337 | - | 258,668 |
| 8019 Prior Year Adjustments | - | (1,150) | - | - | - | - | - | (1,150) | - | - | - | - | 1,150 |
| 8096 InLieuPropTaxes | 48,550 | 97,099 | 64,733 | 64,733 | 64,732 | 64,733 | 64,733 | 469,313 | 726,873 | 809,159 | 809,159 | - | 339,846 |
| SUBTOTAL - LCFF Entitlement | 48,550 | 176,649 | 274,767 | 209,993 | 209,992 | 209,993 | 339,328 | 1,469,272 | 2,756,382 | 2,988,643 | 2,988,643 | - | 1,519,371 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 8181 SpEd - Revenue | 3,443 | 6,886 | 4,591 | 4,591 | 4,591 | 4,591 | 4,591 | 33,284 | 57,353 | 57,353 | 56,259 | (1,094) | 24,069 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 270,964 | - | - | - | 37,568 | 308,532 | 177,571 | 444,090 | 444,025 | (65) | 135,558 |
| 8295 All Other Federal Revenue | - | (210) | - | - | - | - | - | (210) | 177,571 | 444,090 | - | (444,090) | 444,300 |
| SUBTOTAL - Federal Revenue | 3,443 | 6,886 | 275,555 | 4,591 | 4,591 | 4,591 | 42,159 | 341,606 | 234,924 | 501,443 | 500,284 | (1,159) | 159,837 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 8311 SpEd Revenue | 10,902 | 21,804 | 14,536 | 14,536 | 14,537 | 22,444 | 14,536 | 113,295 | 170,125 | 167,834 | 182,455 | 14,621 | 54,539 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 4,668 | - | 4,668 | 4,619 | 4,668 | 4,668 | - | (0) |
| 8560 StateLotteryRev | - | - | - | - | - | - | 15,544 | 15,544 | 60,237 | 55,091 | 55,091 | - | 39,547 |
| 8590 AllOthStateRev | - | - | 25,060 | - | - | - | 115,413 | 140,473 | 361,833 | 397,969 | 379,375 | (18,594) | 257,495 |
| 8595 AllOthStateRev PY | 4,571 | 4,629 | - | 1,165 | - | - | - | 10,364 | - | - | - | - | (10,364) |
| SUBTOTAL - Other State Revenue | 10,902 | 21,804 | 39,596 | 14,536 | 14,537 | 27,112 | 145,493 | 284,345 | 596,814 | 625,562 | 621,589 | (3,972) | 341,217 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|---|---|-----|---|----|---|---|-----|---|---|---|---|-------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8699 Other Revenue | - | - | 766 | - | 54 | - | - | 821 | - | - | - | - | (821) |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|--------------|-------------|--------------|----------------|-------------|-------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 7 | | | | | | | | | | | | | | |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | 700 | - | 470 | (1,170) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | 700 | - | 1,236 | (1,170) | 54 | - | - | 821 | - | - | - | - | (821) |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | | |
|--|---------------------|--|--|--|--|--|--|--|--------------|-------------|-------------|-------------|-------------|---------------|-------------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|--|
| MSA 7 | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Fundraising & Grants | | | | | | | | | | | | | | | | | | | | | | |
| 8802 | Donations - Private | | | | | | | | - | - | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | - | 2,000 | |
| 8803 | Fundraising | | | | | | | | - | - | 20 | 20 | - | - | - | 40 | 13,756 | 13,756 | 13,756 | - | 13,716 | |
| SUBTOTAL - Fundraising & Grants | | | | | | | | | - | - | 20 | 20 | - | - | - | 40 | 15,756 | 15,756 | 15,756 | - | 15,716 | |
| TOTAL REVENUE | | | | | | | | | 63,595 | 205,339 | 591,174 | 227,970 | 229,174 | 241,696 | 526,980 | 2,096,083 | 3,603,876 | 4,131,404 | 4,126,273 | (5,131) | 2,035,320 | |
| EXPENSES | | | | | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | | | | | | | | 66,536 | 59,972 | 96,797 | 98,874 | 101,324 | 100,482 | 143,977 | 667,962 | 1,017,220 | 1,104,373 | 1,108,373 | 4,000 | 436,410 | |
| 1300 | Cert Adminis | | | | | | | | 7,907 | 7,814 | 7,814 | 7,814 | 7,814 | 7,814 | 11,721 | 58,698 | 186,336 | 216,674 | 216,674 | - | 157,976 | |
| SUBTOTAL - Certificated Salaries | | | | | | | | | 74,443 | 67,786 | 104,611 | 106,688 | 109,138 | 108,296 | 155,698 | 726,660 | 1,203,556 | 1,321,046 | 1,325,046 | 4,000 | 594,386 | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 7 | | | | | | | | | | | | | | |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 680 | 4,695 | 16,843 | 20,101 | 16,232 | 15,941 | 19,632 | 94,124 | 286,400 | 262,546 | 262,546 | - | 168,421 |
| 2200 | Classified Support | 1,504 | 3,106 | 5,144 | 6,452 | 6,979 | 7,303 | 8,486 | 38,974 | (63) | 64,467 | 70,467 | 6,000 | 25,494 |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 3,938 | 8,277 | 8,652 | 7,896 | 7,731 | 7,889 | 11,476 | 55,857 | 103,851 | 93,962 | 93,962 | - | 38,105 |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | | 6,121 | 16,078 | 30,638 | 34,450 | 30,941 | 31,132 | 39,594 | 188,955 | 390,188 | 420,975 | 426,975 | 6,000 | 232,020 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 2,320 | 10,923 | 15,772 | 17,206 | 17,585 | 20,488 | 25,109 | 110,414 | 195,181 | 204,790 | 204,790 | - | 94,376 |
| 3102 | STRS-Classified | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 1,267 | 3,297 | 6,137 | 6,684 | 6,205 | 6,287 | 7,848 | 37,724 | 103,530 | 85,693 | 85,693 | - | 47,969 |
| 3301 | OASDI/Med-Cert | 1,079 | 982 | 1,417 | 1,545 | 1,580 | 1,666 | 2,254 | 10,524 | 16,012 | 19,257 | 19,257 | - | 8,733 |
| 3302 | OASDI/Med-Class | 468 | 1,230 | 2,297 | 2,635 | 2,367 | 2,382 | 3,029 | 14,408 | 35,425 | 31,669 | 31,669 | - | 17,261 |
| 3401 | HlthWelfareCert | 1,363 | 14,002 | 17,839 | 19,732 | 17,305 | 17,328 | 18,877 | 106,445 | 194,327 | 175,176 | 175,176 | - | 68,731 |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 33,943 | 33,943 | 33,943 | - | 33,943 |
| 3501 | UI-Certificated | - | 207 | - | 32 | 191 | - | 211 | 640 | 1,105 | 1,575 | 1,575 | - | 935 |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 435 | 435 | 435 | - | 435 |
| 3601 | WorkersCmp-Cert | 4,122 | 1,374 | 1,374 | 1,374 | 1,374 | 1,374 | 1,374 | 12,366 | 14,000 | 20,000 | 20,000 | - | 7,634 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | | 10,620 | 32,015 | 44,836 | 49,208 | 46,608 | 49,524 | 58,701 | 292,522 | 593,958 | 572,539 | 572,539 | - | 280,017 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 7 | | | | | | | | 292,522 | | | | | | |
| Books & Supplies | | | | | | | | - | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | 9,028 | - | - | 9,028 | 13,000 | 23,966 | 23,966 | - | 14,938 | |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | 2,145 | 2,145 | - | 2,145 | |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4310 | Ins Mats & Sups | - | (114) | 716 | - | - | 1,145 | 1,422 | 16,044 | 18,599 | 22,703 | 4,104 | 15,431 | |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4320 | Office Supplies | 60 | 60 | 60 | 520 | 59 | 1,316 | 90 | 1,000 | 10,000 | 10,000 | - | 7,834 | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 | |
| 4335 | PE Supplies | - | - | 1,081 | - | - | - | - | - | 1,000 | 1,000 | - | (81) | |
| 4340 | Educat Software | - | - | 7,580 | 923 | 765 | 4,654 | 2,112 | 26,629 | 40,129 | 40,129 | - | 24,095 | |
| 4345 | NonInstStdntSup | - | 8,131 | 2,148 | 8,847 | 8,269 | 26,699 | 2,430 | 4,718 | 94,211 | 93,739 | (472) | 42,700 | |
| 4346 | TeacherSupplies | - | - | - | 178 | - | - | - | - | 3,000 | 3,000 | - | 2,822 | |
| 4350 | Cust. Supplies | - | - | 15 | 509 | 313 | 781 | - | - | 8,000 | 8,000 | - | 6,382 | |
| 4351 | Yearbook | - | - | - | - | - | - | - | 1,256 | 1,256 | 1,256 | - | 1,256 | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 | |
| 4410 | ClssrmFrmEq<5k | - | - | - | - | - | - | - | - | 500 | 500 | - | 500 | |
| 4430 | OffceFurnEq<5k | - | - | - | - | - | - | - | 2,000 | 4,000 | 4,000 | - | 4,000 | |
| 4440 | Computers <\$5k | - | - | - | - | - | 5,013 | - | 18,913 | 10,246 | 12,313 | 2,067 | 5,233 | |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | 59,238 | - | (59,238) | 59,238 | |
| 4710 | Food | - | - | - | - | - | - | - | - | 500 | 500 | - | 500 | |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | - | 15,000 | 15,000 | - | 15,000 | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4999 | Misc Expenditure (Suspense) | - | - | - | 566 | 2,543 | (3,109) | - | - | - | - | - | - | |
| SUBTOTAL - Books and Supplies | | 60 | 8,077 | 11,600 | 20,571 | 11,948 | 36,500 | 6,055 | 89,799 | 83,560 | 293,790 | 240,251 | (53,539) | 203,991 |

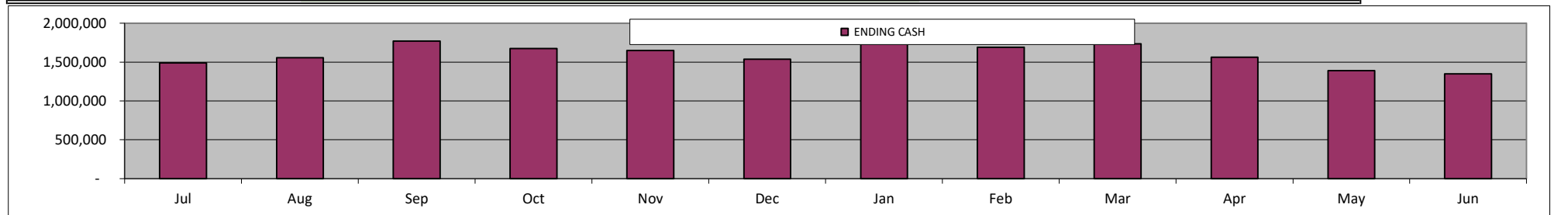
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA 7 | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | 107,566 | 35,855 | - | 76,921 | 36,724 | 257,066 | 386,688 | 440,684 | 440,684 | - | 183,618 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 |
| 5210 | MilesParkTolls | - | - | - | - | - | 675 | 1,400 | 2,075 | - | 3,000 | 3,000 | - | 925 |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 |
| 5300 | DuesMemberships | - | 40 | 800 | 784 | 10 | 10 | 2,930 | 4,574 | 500 | 5,500 | 5,500 | - | 926 |
| 5450 | Other Insurance | 7,709 | 2,570 | 2,570 | 2,570 | 2,570 | 2,570 | 2,570 | 23,129 | 23,000 | 32,939 | 32,939 | - | 9,810 |
| 5500 | OpsHousekeeping | - | 109 | 1,120 | 1,685 | 584 | 1,484 | 1,855 | 6,838 | 3,600 | 10,600 | 10,600 | - | 3,762 |
| 5510 | Gas & Electric | 3,958 | 5,467 | 3,488 | 2,693 | 2,394 | 2,643 | 2,769 | 23,412 | 45,000 | 34,000 | 34,000 | - | 10,588 |
| 5610 | Rent & Leases | 48,554 | 24,609 | 24,609 | 24,609 | 24,609 | 24,781 | 24,711 | 196,482 | 276,000 | 274,954 | 274,954 | - | 78,472 |
| 5620 | EquipmentLeases | 740 | 528 | 370 | 876 | 461 | (88) | 1,285 | 4,171 | 3,000 | 11,000 | 11,000 | - | 6,829 |
| 5630 | Reps&MaintBldng | 110 | - | (4,296) | 3,365 | - | 1,203 | - | 382 | 1,000 | 36,673 | 36,673 | - | 36,291 |
| 5800 | ProfessServices | 2,413 | 5,145 | 19,440 | 12,208 | 4,796 | 1,848 | 13,826 | 59,676 | 22,787 | 101,420 | 101,420 | - | 41,744 |
| 5810 | Legal | - | - | - | - | - | - | - | - | 3,000 | 10,000 | 10,000 | - | 10,000 |
| 5813 | SchPrgAftSchool | 29,570 | 14,785 | 14,785 | 14,785 | 14,785 | 14,785 | 14,785 | 118,281 | 165,438 | 177,559 | 177,559 | - | 59,278 |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5819 | SchlProgs-Other | - | - | - | - | 522 | - | - | 522 | 3,000 | 3,000 | 3,000 | - | 2,478 |
| 5820 | Audit & CPA | - | - | 1,500 | - | - | 3,000 | - | 4,500 | - | 10,000 | 10,000 | - | 5,500 |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | 8,000 | 8,000 | 8,000 | - | 8,000 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | 5,000 | 5,000 | - | 5,000 | 5,000 | - | - |
| 5850 | Oversight Fees | 1,764 | 3,257 | 2,352 | 2,352 | 2,353 | 2,352 | 2,352 | 16,782 | 27,000 | 27,000 | 27,000 | - | 10,218 |
| 5857 | Payroll Fees | 1,399 | 1,872 | 1,134 | 1,147 | 1,147 | 1,159 | 1,492 | 9,349 | 15,000 | 15,000 | 15,000 | - | 5,651 |
| 5860 | Service Fees | - | - | - | - | - | 2,619 | 185 | 2,804 | 3,000 | 3,000 | 3,000 | - | 196 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | - | 2,500 | 2,230 | 50 | 4,259 | - | - | 9,039 | - | 10,439 | 10,439 | - | 1,400 |
| 5864 | Prof Dev-Other | - | 85 | - | 1,727 | 279 | - | 3,350 | 5,441 | 11,575 | 16,575 | 16,982 | 407 | 11,134 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | - | - | 967 | 3,341 | - | 3,175 | 7,483 | 108,882 | 75,283 | 75,927 | 643 | 67,800 |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 500 | 500 | 500 | - | 500 |
| 5872 | SPED Fees (incl Encroachment) | 2,870 | 6,459 | 3,826 | 3,826 | 3,824 | 3,826 | 3,826 | 28,457 | 45,496 | 22,520 | 22,520 | - | (5,937) |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5884 | Substitutes | - | - | - | 708 | 1,238 | 530 | 3,358 | 5,834 | 15,000 | 30,000 | 30,000 | - | 24,166 |
| 5890 | OthSvcsNon-Inst | - | - | - | (700) | - | - | - | (700) | 500 | 2,000 | 2,000 | - | 2,700 |
| 5900 | Communications | - | - | - | 3,202 | - | - | - | 3,202 | 4,000 | 3,000 | 3,000 | - | (202) |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5920 | TelecomInternet | 241 | 241 | - | 341 | 242 | 456 | - | 1,521 | 4,000 | 26,759 | 26,759 | - | 25,238 |
| 5930 | PostageDelivery | 807 | - | - | - | 504 | - | - | 1,310 | 2,000 | 4,000 | 4,000 | - | 2,690 |
| 5940 | Technology | 548 | 274 | 5,147 | 4,419 | 585 | 274 | 274 | 11,519 | 18,150 | 33,414 | 33,414 | - | 21,895 |
| 5990 | Prior Year Adj (Services) | - | - | - | 215 | - | - | - | 215 | - | - | - | - | (215) |
| SUBTOTAL - Services & Other Operating Exp. | | 100,681 | 67,942 | 186,640 | 117,684 | 68,503 | 141,048 | 125,866 | 808,364 | 1,196,116 | 1,435,819 | 1,436,869 | 1,050 | 627,455 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 7 | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | - | - | - | - | - | 24,857 | - | 24,857 | 30,000 | 12,000 | 54,711 | 42,711 | (12,857) |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | 24,857 | - | 24,857 | 30,000 | 12,000 | 54,711 | 42,711 | (12,857) |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENSES | | 191,925 | 191,898 | 378,326 | 328,601 | 267,138 | 391,358 | 385,914 | 2,131,157 | 3,497,378 | 4,056,169 | 4,056,391 | 223 | 1,925,012 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-7 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 1,625,754 | 1,488,930 | 1,556,193 | 1,770,144 | 1,676,608 | 1,650,669 | 1,537,889 | 1,808,193 | 1,691,417 | 1,735,898 | 1,563,791 | 1,391,684 | 1,348,912 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 48,550 | 176,649 | 274,767 | 209,993 | 209,992 | 209,993 | 339,328 | 209,993 | 375,927 | 200,741 | 200,741 | 330,076 | 201,891 | 2,988,643 |
| LCFF State Deferrals | | | | | | | | | (74,765) | (116,167) | (116,167) | (116,167) | 423,266 | - |
| Federal Revenue | 3,443 | 6,886 | 275,555 | 4,591 | 4,591 | 4,591 | 42,159 | 31,072 | 31,072 | 31,072 | 31,072 | 31,072 | 3,107 | 500,284 |
| Other State Revenues | 10,902 | 21,804 | 39,596 | 14,536 | 14,537 | 27,112 | 145,493 | 68,159 | 68,159 | 68,159 | 68,159 | 68,159 | 6,816 | 621,589 |
| Other Local Revenues | 700 | - | 1,256 | (1,150) | 54 | - | - | 2,921 | 2,921 | 2,921 | 2,921 | 2,921 | 292 | 15,756 |
| Total Revenue | 63,595 | 205,339 | 591,174 | 227,970 | 229,174 | 241,696 | 526,980 | 312,145 | 403,314 | 186,726 | 186,726 | 316,061 | 635,372 | 4,126,273 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 74,443 | 67,786 | 104,611 | 106,688 | 109,138 | 108,296 | 155,698 | 117,331 | 117,331 | 117,331 | 117,331 | 117,331 | 11,733 | 1,325,046 |
| Classified Salaries | 6,121 | 16,078 | 30,638 | 34,450 | 30,941 | 31,132 | 39,594 | 46,671 | 46,671 | 46,671 | 46,671 | 46,671 | 4,667 | 426,975 |
| Benefits | 10,620 | 32,015 | 44,836 | 49,208 | 46,608 | 49,524 | 58,701 | 55,103 | 55,103 | 55,103 | 55,103 | 55,103 | 5,510 | 572,539 |
| Books and Supplies | 60 | 8,077 | 11,600 | 20,571 | 11,948 | 36,500 | 6,055 | 28,517 | 28,517 | 28,517 | 28,517 | 28,517 | 2,852 | 240,251 |
| Services and Operations | 100,681 | 67,942 | 186,640 | 117,684 | 68,503 | 141,048 | 125,866 | 123,236 | 123,236 | 123,236 | 123,236 | 123,236 | 12,324 | 1,436,869 |
| Depreciation / Cap Outlay | - | - | - | - | - | 24,857 | - | 5,854 | 5,854 | 5,854 | 5,854 | 5,854 | 585 | 54,711 |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 191,925 | 191,898 | 378,326 | 328,601 | 267,138 | 391,358 | 385,914 | 376,712 | 376,712 | 376,712 | 376,712 | 376,712 | 37,671 | 4,056,391 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 183,044 | 81,271 | | 11,950 | | | | | | | | | | 276,265 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | | 4,419 | (1,020) | (24,918) | | | (2,081) | | | | | | | (23,599) |
| Fixed Assets - Depreciation Addback | | | - | - | - | 24,857 | - | 5,854 | 5,854 | 5,854 | 5,854 | 5,854 | | 54,126 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | | | | 6,629 | 6,629 | 6,629 | 6,629 | 6,629 | 6,629 | 6,629 | 6,629 | 6,629 | | 59,665 |
| Expenses - Prior Year Accruals | (191,538) | (31,868) | 2,122 | 8,037 | | | 119,292 | (70,088) | | | | | | (164,043) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | | | | 5,396 | 5,396 | 5,396 | 5,396 | 5,396 | 5,396 | 5,396 | 5,396 | 5,396 | | 48,564 |
| Loans Payable (Current) | | | - | - | - | - | - | - | - | - | - | - | | - |
| Loans Payable (Long Term) | | | - | - | - | - | - | - | - | - | - | - | | - |
| Total Other Transactions | (8,494) | 53,822 | 1,102 | 7,095 | 12,025 | 36,882 | 129,237 | (52,209) | 17,879 | 17,879 | 17,879 | 17,879 | | 250,978 |
| Total Change in Cash | (136,824) | 67,263 | 213,951 | (93,536) | (25,939) | (112,780) | 270,304 | (116,776) | 44,481 | (172,107) | (172,107) | (42,772) | | 320,859 |

ENDING CASH **1,488,930** **1,556,193** **1,770,144** **1,676,608** **1,650,669** **1,537,889** **1,808,193** **1,691,417** **1,735,898** **1,563,791** **1,391,684** **1,348,912** <<< = 121 days cash



MSA-8 Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$161,989.

This is an increase of \$431 from the original First Interim Budget projected surplus of \$161,558.

This will allow MSA-8 to end this fiscal year with a balance of \$4,910,816, which is 80.0% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$2,832,394, which represents 168 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$3,015,614, which represents 179 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$9,257, or 0.1% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$0 lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = increase of \$8,826, or 0.1% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are (\$8,225) lower than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other factors.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$90,726 higher than in the First Interim Budget, reflecting updated depreciation and capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021 | | | | | | | | | Year To Date | | | | Annual Budget | | | | |
|---|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|---|------------------------------|------------------|-----------------------------|--------------------------------|-----------------------------|--|--|--|
| MSA 8 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | |
| | | | | | | | | | | Adopted July 1 Budget | Adopted Budget | | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 473 | 474 | 474 | - | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | 80,928 | 290,972 | 461,840 | 343,319 | 343,320 | 343,319 | 566,469 | 2,430,167 | 4,439,874 | 4,787,196 | 4,787,196 | - | 51% | | | | |
| Federal Revenue | 5,739 | 11,479 | 487,978 | 7,653 | 7,653 | 7,653 | 97,264 | 625,383 | 486,754 | 928,341 | 926,408 | (1,933) | 68% | | | | |
| Other State Revenues | 18,173 | 36,346 | 65,625 | 24,231 | 31,933 | 32,011 | 147,908 | 364,279 | 518,317 | 568,813 | 580,004 | 11,191 | 63% | | | | |
| Other Local Revenues | - | - | 1 | 2,246 | - | 2,248 | 1 | 4,496 | 5,500 | 5,500 | 5,500 | - | 82% | | | | |
| Total Revenue | 104,840 | 338,797 | 1,015,444 | 377,449 | 382,906 | 385,231 | 811,642 | 3,424,325 | 5,450,445 | 6,289,850 | 6,299,108 | 9,257 | 54% | | | | |
| Expenditures | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 115,453 | 121,602 | 172,036 | 162,574 | 163,417 | 166,212 | 245,372 | 1,146,666 | 2,239,039 | 2,101,233 | 2,101,233 | - | 55% | | | | |
| Classified Salaries | 22,886 | 34,273 | 38,718 | 48,153 | 47,419 | 48,173 | 68,055 | 307,677 | 412,130 | 667,617 | 667,617 | - | 46% | | | | |
| Benefits | 20,838 | 55,977 | 68,015 | 75,625 | 71,003 | 71,762 | 90,983 | 454,203 | 860,075 | 903,163 | 894,938 | (8,225) | 51% | | | | |
| Books and Supplies | 353 | 13,625 | 18,034 | 20,778 | 36,251 | 34,530 | 24,586 | 141,666 | 233,585 | 485,353 | 454,601 | (30,752) | 31% | | | | |
| Services and Operating Exp. | 36,857 | 39,233 | 31,245 | 57,721 | 92,089 | 39,661 | 400,691 | 697,497 | 1,629,556 | 1,949,492 | 1,906,569 | (42,922) | 37% | | | | |
| Depreciation & Cap Outlay | - | - | - | - | - | 14,566 | - | 14,566 | 21,435 | 21,435 | 103,872 | 82,437 | 14% | | | | |
| Other Outflows | - | - | - | - | - | - | - | - | - | - | 8,289 | 8,289 | 0% | | | | |
| Total Expenditures | 196,386 | 264,709 | 328,048 | 364,852 | 410,179 | 374,904 | 829,687 | 2,762,275 | 5,395,820 | 6,128,292 | 6,137,119 | 8,826 | 45% | | | | |
| Net Revenues | | | | | | | | | 662,050 | 54,625 | 161,558 | 161,989 | 431 | | | | |
| | | | | | | | | | Fund Balance Beginning Balance (Unaud.) 4,748,827 Net Revenues 161,989 Ending Fund Balance 4,910,816 | | | | | | | | |
| | | | | | | | | | Components of Fund Bal. Available For Econ. Uncert. 4,782,831 77.9% of Expenditures Restricted Balances (Est.) 76,050 1.2% of Expenditures Net Fixed Assets 51,935 0.8% of Expenditures Ending Fund Balance 4,910,816 80.0% of Expenditures | | | | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021 | | | | | | | | Year To Date | | | | Annual Budget | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|----------------|----------------|-----------------------------|------------------------|-------------|--|--|
| MSA 8 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 | Current Board- | Current | Actuals as % of | | | |
| | | | | | | | | | Budget | Adopted Budget | Proposed 2nd Interim Budget | Budget vs. 2nd Interim | 2nd Interim | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|
| 8011 State Aid | - | 130,786 | 130,786 | 235,415 | 235,415 | 235,415 | 235,415 | 1,203,232 | 2,639,474 | 2,545,794 | 2,545,794 | - | 1,342,562 |
| 8012 EPA Entitlement | - | - | 223,150 | - | - | - | 223,150 | 446,300 | 588,944 | 892,599 | 892,599 | - | 446,299 |
| 8019 Prior Year Adjustments | - | (1,670) | - | - | - | - | - | (1,670) | - | - | - | - | 1,670 |
| 8096 InLieuPropTaxes | 80,928 | 161,856 | 107,904 | 107,904 | 107,905 | 107,904 | 107,904 | 782,305 | 1,211,456 | 1,348,803 | 1,348,803 | - | 566,498 |
| SUBTOTAL - LCFF Entitlement | 80,928 | 290,972 | 461,840 | 343,319 | 343,320 | 343,319 | 566,469 | 2,430,167 | 4,439,874 | 4,787,196 | 4,787,196 | - | 2,357,029 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|--------------|---------------|----------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 8181 SpEd - Revenue | 5,739 | 11,479 | 7,653 | 7,653 | 7,653 | 7,653 | 7,653 | 55,483 | 93,529 | 95,658 | 93,780 | (1,878) | 40,175 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 480,325 | - | - | - | 89,611 | 569,936 | 393,225 | 832,683 | 832,628 | (55) | 262,747 |
| 8295 All Other Federal Revenue | - | (45) | - | - | - | - | 9 | (36) | 393,225 | 832,683 | - | (832,683) | 832,719 |
| SUBTOTAL - Federal Revenue | 5,739 | 11,479 | 487,978 | 7,653 | 7,653 | 7,653 | 97,264 | 625,383 | 486,754 | 928,341 | 926,408 | (1,933) | 302,958 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| 8311 SpEd Revenue | 18,173 | 36,346 | 24,231 | 24,231 | 31,933 | 24,231 | 24,231 | 183,376 | 262,086 | 279,766 | 290,957 | 11,191 | 96,391 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | 7,780 | - | 7,780 | 7,589 | 7,780 | 7,780 | - | 0 |
| 8560 StateLotteryRev | - | - | - | - | - | - | 27,451 | 27,451 | 100,602 | 91,833 | 91,833 | - | 64,381 |
| 8590 AllOthStateRev | - | - | 41,394 | - | - | - | 96,226 | 137,620 | 148,040 | 189,434 | 189,434 | - | 51,814 |
| 8595 AllOthStateRev PY | - | 8,053 | - | - | - | - | - | 8,053 | - | - | - | - | (8,053) |
| SUBTOTAL - Other State Revenue | 18,173 | 36,346 | 65,625 | 24,231 | 31,933 | 32,011 | 147,908 | 364,279 | 518,317 | 568,813 | 580,004 | 11,191 | 204,534 |

Local Revenue

| | | | | | | | | | | | | | |
|--------------------------------|---|---|---|-------|---|-------|---|-------|---|---|---|---|---------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | 2,247 | - | 2,248 | - | 4,495 | - | - | - | - | (4,495) |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8699 Other Revenue | - | - | - | - | - | - | 1 | 1 | - | - | - | - | (1) |
| 8980 Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 8 | | | | | | | | | | | | | | |
| 8999 | Misc Revenue (Suspense) | - | - | 1 | (1) | - | - | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | - | - | 1 | 2,246 | - | 2,248 | 1 | 4,496 | - | - | - | - | (4,496) |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 8 | | | | | | | | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8803 | Fundraising | - | - | - | - | - | - | - | - | 5,500 | 5,500 | 5,500 | - | 5,500 |
| SUBTOTAL - Fundraising & Grants | | - | - | - | - | - | - | - | - | 5,500 | 5,500 | 5,500 | - | 5,500 |
| TOTAL REVENUE | | 104,840 | 338,797 | 1,015,444 | 377,449 | 382,906 | 385,231 | 811,642 | 3,424,325 | 5,450,445 | 6,289,850 | 6,299,108 | 9,257 | 2,865,525 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 81,004 | 76,808 | 135,138 | 133,026 | 133,569 | 135,464 | 201,275 | 896,284 | 1,681,178 | 1,719,257 | 1,719,257 | - | 822,973 |
| 1300 | Cert Adminis | 34,449 | 44,794 | 36,898 | 29,548 | 29,848 | 30,748 | 44,097 | 250,382 | 557,861 | 381,976 | 381,976 | - | 131,594 |
| SUBTOTAL - Certificated Salaries | | 115,453 | 121,602 | 172,036 | 162,574 | 163,417 | 166,212 | 245,372 | 1,146,666 | 2,239,039 | 2,101,233 | 2,101,233 | - | 954,567 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 8,477 | 8,955 | 9,031 | 9,476 | 8,955 | 9,133 | 12,076 | 66,103 | 105,831 | 125,959 | 125,959 | - | 59,856 |
| 2200 | Classified Support | 6,849 | 10,971 | 18,145 | 20,850 | 18,563 | 19,084 | 34,455 | 128,918 | 143,996 | 274,632 | 274,632 | - | 145,714 |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 7,559 | 14,347 | 11,541 | 17,827 | 19,901 | 19,955 | 21,524 | 112,655 | 162,303 | 267,026 | 267,026 | - | 154,371 |
| 2900 | OtherClassStaff | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Classified Salaries | | 22,886 | 34,273 | 38,718 | 48,153 | 47,419 | 48,173 | 68,055 | 307,677 | 412,130 | 667,617 | 667,617 | - | 359,941 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 5,346 | 19,159 | 27,687 | 26,374 | 25,870 | 27,925 | 39,860 | 172,221 | 335,189 | 234,546 | 234,546 | - | 62,325 |
| 3102 | STRS-Classified | - | - | - | 1,211 | 1,211 | 1,211 | 1,817 | 5,451 | 94,876 | 104,157 | 104,157 | - | 98,706 |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 3,765 | 6,966 | 7,964 | 7,997 | 7,954 | 8,516 | 11,839 | 55,002 | - | 116,642 | 116,642 | - | 61,640 |
| 3301 | OASDI/Med-Cert | 1,616 | 1,747 | 2,488 | 2,362 | 2,324 | 2,408 | 3,588 | 16,533 | 30,536 | 30,410 | 30,410 | - | 13,877 |
| 3302 | OASDI/Med-Class | 1,450 | 2,576 | 2,952 | 3,203 | 3,097 | 3,252 | 4,549 | 21,078 | 35,574 | 43,107 | 43,107 | - | 22,029 |
| 3401 | HlthWelfareCert | 2,337 | 23,104 | 24,816 | 32,321 | 26,867 | 26,342 | 26,904 | 162,692 | 252,893 | 269,202 | 269,202 | - | 106,510 |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 53,705 | 54,567 | 54,567 | - | 54,567 |
| 3501 | UI-Certificated | - | 318 | - | 49 | 1,571 | - | 317 | 2,256 | 19,710 | 1,392 | 2,392 | 1,000 | (864) |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 6,287 | - | - | - | - |
| 3601 | WorkersCmp-Cert | 6,323 | 2,108 | 2,108 | 2,108 | 2,108 | 2,108 | 2,108 | 18,971 | 31,305 | 49,140 | 39,915 | (9,225) | 30,169 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | | 20,838 | 55,977 | 68,015 | 75,625 | 71,003 | 71,762 | 90,983 | 454,203 | 860,075 | 903,163 | 894,938 | (8,225) | 448,960 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 8 | | | | | | | | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | 7,654 | - | 3,205 | - | 10,858 | 26,244 | 22,612 | 22,612 | - | 11,754 |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4310 | Ins Mats & Sups | - | - | - | - | 20,228 | - | 12,820 | 33,048 | 3,000 | 31,500 | 31,500 | - | (1,548) |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4320 | Office Supplies | 257 | (120) | 1,392 | 235 | 1,132 | 1,178 | 181 | 4,255 | - | 8,000 | 8,000 | - | 3,745 |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | 650 | 650 | - | 650 |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4340 | Educat Software | - | 5,000 | 14,585 | 120 | - | 1,683 | 5,363 | 26,751 | 51,424 | 67,959 | 73,207 | 5,248 | 41,208 |
| 4345 | NonInstStdntSup | - | 8,232 | 1,947 | 11,916 | 6,176 | 24,789 | 6,223 | 52,792 | 52,417 | 115,417 | 121,417 | 6,000 | 62,625 |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4350 | Cust. Supplies | - | - | 110 | 854 | - | - | - | 964 | 5,000 | 25,000 | 25,000 | - | 24,036 |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | 6,490 | - | 6,490 | - | 31,000 | 31,000 | - | 24,510 |
| 4410 | ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4430 | OffceFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4440 | Computers <\$5k | - | - | - | - | - | - | - | - | 45,715 | 45,715 | 45,715 | - | 45,715 |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | 42,000 | - | - | (42,000) | 42,000 |
| 4710 | Food | - | - | - | - | - | - | - | 93,000 | 93,000 | 93,000 | - | 93,000 | |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | 2,500 | 2,500 | 2,500 | - | 2,500 | |
| 4990 | Prior Year Adj (Mat'ls) | 95 | 512 | - | - | 5,900 | - | - | 6,508 | - | - | - | - | (6,508) |
| 4999 | Misc Expenditure (Suspense) | - | - | - | - | 2,816 | (2,816) | - | - | - | - | - | - | - |
| SUBTOTAL - Books and Supplies | | 353 | 13,625 | 18,034 | 20,778 | 36,251 | 34,530 | 24,586 | 141,666 | 233,585 | 485,353 | 454,601 | (30,752) | 343,687 |

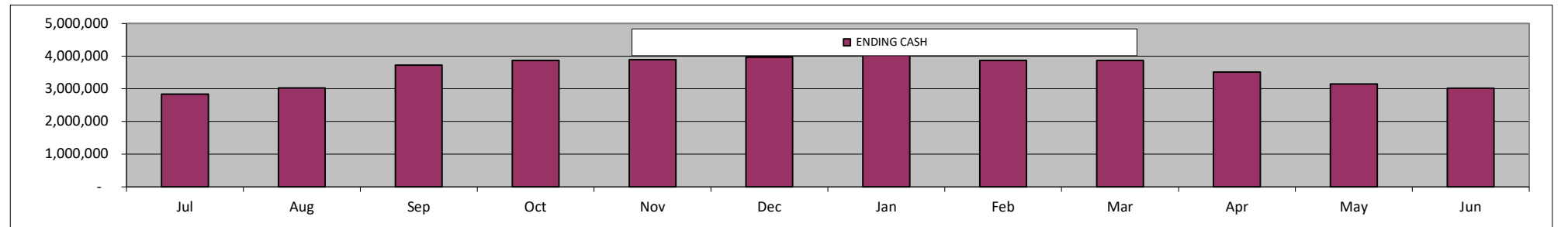
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------------|------------------|-----------------------------|------------------------|-----------------------------|------------------|
| MSA 8 | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Current Board- | | | Current | | |
| | | | | | | | | | Adopted July 1 Budget | Adopted Budget | Proposed 2nd Interim Budget | Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | - | - | - | 367,237 | 367,237 | 773,375 | 881,368 | 881,368 | - | 514,131 | |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5300 | DuesMemberships | - | - | 1,070 | - | - | 4,820 | 5,890 | - | 5,250 | 5,890 | 640 | (640) | |
| 5450 | Other Insurance | 12,009 | 4,003 | 4,003 | 4,003 | 4,003 | 4,003 | 36,027 | - | 26,507 | 36,232 | 9,725 | (9,520) | |
| 5500 | OpsHousekeeping | - | 199 | - | - | - | 60 | 259 | - | 3,228 | 2,819 | (409) | 2,969 | |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5610 | Rent & Leases | 3,630 | - | 3,630 | - | 37,382 | - | 44,642 | 430,000 | 385,000 | 385,000 | - | 340,358 | |
| 5620 | EquipmentLeases | 392 | 1,017 | 196 | 195 | 1,227 | 1,017 | 689 | 4,734 | 3,000 | 8,000 | 4,734 | 3,266 | |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | - | - | 1,000 | 1,000 | - | 1,000 | |
| 5800 | ProfessServices | 3,871 | 11,614 | 1,850 | 5,990 | 5,030 | 5,022 | 4,680 | 38,057 | 134,062 | 245,699 | 188,699 | (57,000) | 207,642 |
| 5810 | Legal | - | - | - | - | - | - | - | - | 2,500 | 2,500 | 2,500 | - | 2,500 |
| 5813 | SchPrgAftSchool | - | - | - | - | 450 | - | 450 | 116,817 | 8,791 | 8,791 | - | 8,341 | |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5819 | SchlProgs-Other | - | - | - | - | - | - | - | 3,000 | 3,000 | 3,000 | - | 3,000 | |
| 5820 | Audit & CPA | - | - | - | - | - | 3,000 | - | 3,000 | - | 3,000 | 3,000 | - | |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | 5,000 | 5,000 | - | 5,000 | |
| 5850 | Oversight Fees | 2,914 | 5,468 | 3,886 | 3,886 | 3,885 | 3,886 | 3,886 | 27,811 | 47,872 | 47,872 | - | 20,061 | |
| 5857 | Payroll Fees | 1,841 | 2,480 | 1,500 | 1,475 | 1,475 | 4,303 | 1,891 | 14,964 | 17,000 | 19,000 | 19,000 | 4,036 | |
| 5860 | Service Fees | - | - | - | - | - | 126 | 130 | 256 | - | - | 300 | 300 | (256) |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5863 | Prof Developmnt | - | - | - | - | - | - | - | - | - | 3,111 | 3,111 | - | |
| 5864 | Prof Dev-Other | - | - | - | 42 | 24,000 | - | - | 24,042 | 26,199 | 72,234 | 72,945 | 711 | 48,193 |
| 5865 | Prof Dev - LLM | - | - | 4,500 | - | - | 3,499 | - | 7,999 | - | 9,500 | 9,500 | - | 1,501 |
| 5869 | SpEd Ctrct Inst | - | - | - | 253 | - | 4,029 | 3,855 | 8,136 | 52,975 | 62,902 | 62,902 | - | 54,766 |
| 5870 | Livescan | - | - | - | - | - | - | - | 200 | 200 | 200 | - | 200 | |
| 5872 | SPED Fees (incl Encroachment) | 4,782 | 10,900 | 6,376 | 6,376 | 6,378 | 6,376 | 6,376 | 47,564 | - | 37,329 | 37,329 | - | (10,235) |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | |
| 5884 | Substitutes | - | - | 2,755 | 4,296 | 6,154 | 4,107 | 2,792 | 20,104 | 33,238 | 21,238 | 26,238 | 5,000 | 1,134 |
| 5890 | OthSvcsNon-Inst | 7,418 | - | - | - | - | - | - | 7,418 | - | - | - | - | (7,418) |
| 5900 | Communications | - | - | - | 1,061 | - | - | - | 1,061 | - | - | - | - | (1,061) |
| 5910 | Communications 2 | - | 600 | 1,000 | - | 1,000 | - | - | 2,600 | 400 | 10,800 | 10,800 | - | 8,200 |
| 5920 | TelecomInternet | - | - | - | 22,390 | - | - | - | 22,390 | - | 47,784 | 47,784 | - | 25,394 |
| 5930 | PostageDelivery | - | 2,131 | - | 842 | 521 | 18 | - | 3,512 | 2,000 | 5,500 | 5,500 | - | 1,988 |
| 5940 | Technology | - | 821 | 479 | 5,954 | 585 | 274 | 274 | 8,386 | 34,790 | 36,790 | 31,790 | (5,000) | 28,404 |
| 5990 | Prior Year Adj (Services) | - | - | - | 960 | - | - | - | 960 | - | - | - | - | (960) |
| SUBTOTAL - Services & Other Operating Exp. | | 36,857 | 39,233 | 31,245 | 57,721 | 92,089 | 39,661 | 400,691 | 697,497 | 1,629,556 | 1,949,492 | 1,906,569 | (42,922) | 1,251,994 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA 8 | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | - | - | - | - | - | - | 14,566 | 14,566 | 21,435 | 21,435 | 103,872 | 82,437 | 6,869 |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | - | 14,566 | 14,566 | 21,435 | 21,435 | 103,872 | 82,437 | 6,869 |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | 8,289 | 8,289 | - |
| 7438 | InterestExpense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other Outflows | | - | - | - | - | - | - | - | - | - | - | 8,289 | 8,289 | - |
| TOTAL EXPENSES | | 196,386 | 264,709 | 328,048 | 364,852 | 410,179 | 374,904 | 829,687 | 2,762,275 | 5,395,820 | 6,128,292 | 6,137,119 | 8,826 | 3,366,017 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-8 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 3,014,092 | 2,832,394 | 3,031,378 | 3,723,738 | 3,872,668 | 3,894,053 | 3,967,604 | 4,136,550 | 3,871,336 | 3,870,696 | 3,511,286 | 3,151,876 | 3,015,614 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 80,928 | 290,972 | 461,840 | 343,319 | 343,320 | 343,319 | 566,469 | 343,319 | 597,444 | 297,862 | 297,862 | 521,011 | 299,532 | 4,787,197 |
| LCFF State Deferrals | | | | | | | | | (106,884) | (166,072) | (166,072) | (166,072) | 605,100 | - |
| Federal Revenue | 5,739 | 11,479 | 487,978 | 7,653 | 7,653 | 7,653 | 97,264 | 59,017 | 59,017 | 59,017 | 59,017 | 59,017 | 5,902 | 926,408 |
| Other State Revenues | 18,173 | 36,346 | 65,625 | 24,231 | 31,933 | 32,011 | 147,908 | 43,878 | 43,878 | 43,878 | 43,878 | 43,878 | 4,388 | 580,004 |
| Other Local Revenues | - | - | 1 | 2,246 | - | 2,248 | 1 | 197 | 197 | 197 | 197 | 197 | 20 | 5,500 |
| Total Revenue | 104,840 | 338,797 | 1,015,444 | 377,449 | 382,906 | 385,231 | 811,642 | 446,411 | 593,653 | 234,882 | 234,882 | 458,031 | 914,941 | 6,299,109 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 115,453 | 121,602 | 172,036 | 162,574 | 163,417 | 166,212 | 245,372 | 187,170 | 187,170 | 187,170 | 187,170 | 187,170 | 18,717 | 2,101,233 |
| Classified Salaries | 22,886 | 34,273 | 38,718 | 48,153 | 47,419 | 48,173 | 68,055 | 70,577 | 70,577 | 70,577 | 70,577 | 70,577 | 7,058 | 667,617 |
| Benefits | 20,838 | 55,977 | 68,015 | 75,625 | 71,003 | 71,762 | 90,983 | 86,419 | 86,419 | 86,419 | 86,419 | 86,419 | 8,642 | 894,938 |
| Books and Supplies | 353 | 13,625 | 18,034 | 20,778 | 36,251 | 34,530 | 24,586 | 60,087 | 60,087 | 60,087 | 60,087 | 60,087 | 6,009 | 454,601 |
| Services and Operations | 36,857 | 39,233 | 31,245 | 57,721 | 92,089 | 39,661 | 400,691 | 237,073 | 237,073 | 237,073 | 237,073 | 237,073 | 23,707 | 1,906,569 |
| Depreciation / Cap Outlay | - | - | - | - | - | 14,566 | - | 17,511 | 17,511 | 17,511 | 17,511 | 17,511 | 1,751 | 103,872 |
| Other Outflows | - | - | - | - | - | - | - | 1,625 | 1,625 | 1,625 | 1,625 | 1,625 | 163 | 8,289 |
| Total Expenses | 196,386 | 264,709 | 328,048 | 364,852 | 410,179 | 374,904 | 829,687 | 660,461 | 660,461 | 660,461 | 660,461 | 660,461 | 66,046 | 6,137,119 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 301,996 | 137,634 | | 25,552 | | | | | | | | | | 465,182 |
| Accounts Receivable - Current Year | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | | 7,915 | | 65,937 | | | (21,833) | | | | | | | 52,020 |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | 14,566 | - | 17,511 | 17,511 | 17,511 | 17,511 | 17,511 | | 102,121 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | | | | 43,587 | 43,587 | 43,587 | 43,587 | 43,587 | 43,587 | 43,587 | 43,587 | 43,587 | | 392,285 |
| Expenses - Prior Year Accruals | (392,148) | (20,653) | 4,964 | (3,814) | | | 160,165 | (117,333) | | | | | | (368,819) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | | | | 5,071 | 5,071 | 5,071 | 5,071 | 5,071 | 5,071 | 5,071 | 5,071 | 5,071 | | 45,639 |
| Loans Payable (Current) | | | - | - | - | - | - | - | - | - | - | - | | - |
| Loans Payable (Long Term) | | | - | - | - | - | - | - | - | - | - | - | | - |
| Total Other Transactions | (90,152) | 124,896 | 4,964 | 136,333 | 48,658 | 63,224 | 186,991 | (51,164) | 66,169 | 66,169 | 66,169 | 66,169 | | 688,428 |
| Total Change in Cash | (181,698) | 198,984 | 692,360 | 148,930 | 21,385 | 73,552 | 168,946 | (265,214) | (640) | (359,410) | (359,410) | (136,261) | | 850,418 |

ENDING CASH **2,832,394** **3,031,378** **3,723,738** **3,872,668** **3,894,053** **3,967,604** **4,136,550** **3,871,336** **3,870,696** **3,511,286** **3,151,876** **3,015,614** <<< = 179 days cash



MSA-SA Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$307,484.

This is an increase of \$186,916 from the original First Interim Budget projected surplus of \$120,568.

This will allow MSA-SA to end this fiscal year with a balance of \$7,849,816, which is 97.1% of annual expenditures. However, the majority of this is fixed assets.

The current projected ADA is based off growth fundiong but will be funded at P-2 Hold Harmless amounts.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$465,587, which represents 21 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$465,587, which represents 21 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = decrease of (\$22,829), or -0.3% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are (\$4,661) lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at (\$18,000) lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = decrease of (\$209,745), or -2.5% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are (\$999) lower than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other factors.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$0 lower than in the First Interim Budget, reflecting updated capital outlay projections.

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|--------------------------------|----------------------------------|------------------|---------------------------|------------------------------|---------------|--|--|--|--|
| MSA SA | Jul | Aug | Actuals | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 | Current Board- Adopted Budget | Proposed 2nd | Current | Actuals as % of | | | | | |
| | Actuals | Actuals | Sep Actuals | Actuals | Actuals | Actuals | Actuals | | Budget | Budget | Interim Budget | Budget vs. 2nd Interim | 2nd Interim | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 648 | 534 | 534 | - | | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | 286,729 | 288,920 | 546,382 | 520,056 | 520,056 | 546,381 | 520,056 | 3,228,580 | 5,756,482 | 6,251,687 | 6,247,026 | (4,661) | 52% | | | | | |
| Federal Revenue | 2,655 | 54,300 | 595,407 | 62,499 | 20,833 | 106,875 | 70,335 | 912,904 | 886,099 | 1,444,105 | 1,443,937 | (168) | 63% | | | | | |
| Other State Revenues | 14,128 | 29,738 | 245,195 | 16,391 | 41,302 | 155,618 | 9,896 | 530,915 | 607,025 | 670,535 | 670,535 | - | 79% | | | | | |
| Other Local Revenues | 213 | 113 | 66,221 | (65,244) | 837 | 4,193 | 267 | 6,599 | 51,106 | 51,106 | 33,106 | (18,000) | 20% | | | | | |
| Total Revenue | 303,725 | 373,071 | 1,453,205 | 533,702 | 583,028 | 813,067 | 600,554 | 4,678,998 | 7,300,712 | 8,417,433 | 8,394,604 | (22,829) | 56% | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 170,595 | 141,078 | 213,925 | 214,340 | 212,518 | 226,243 | 330,951 | 1,509,650 | 2,883,172 | 2,856,184 | 2,855,185 | (999) | 53% | | | | | |
| Classified Salaries | 11,813 | 29,587 | 51,038 | 44,184 | 47,349 | 37,478 | 64,152 | 285,600 | 658,381 | 691,323 | 691,323 | - | 41% | | | | | |
| Benefits | 24,661 | 121,296 | 138,920 | 139,540 | 99,617 | 99,218 | 82,791 | 706,043 | 1,355,739 | 1,315,152 | 1,315,152 | - | 54% | | | | | |
| Books and Supplies | - | 9,368 | 33,728 | 45,574 | 16,910 | 9,685 | 24,667 | 139,933 | 159,591 | 615,185 | 359,253 | (255,932) | 39% | | | | | |
| Services and Operating Exp. | 27,477 | 33,993 | 38,503 | 55,658 | 39,506 | 52,925 | 402,715 | 650,778 | 1,062,897 | 1,631,856 | 1,679,042 | 47,186 | 39% | | | | | |
| Depreciation & Cap Outlay | - | - | - | - | - | 305,264 | - | 305,264 | 580,000 | 587,000 | 587,000 | - | 52% | | | | | |
| Other Outflows | 68,792 | 34,000 | 114,363 | 35,407 | 34,000 | 35,406 | 34,000 | 355,968 | 600,165 | 600,165 | 600,165 | - | 59% | | | | | |
| Total Expenditures | 303,339 | 369,322 | 590,477 | 534,703 | 449,900 | 766,219 | 939,276 | 3,953,236 | 7,299,945 | 8,296,865 | 8,087,120 | (209,745) | 49% | | | | | |
| Net Revenues | | | | | | | | 725,763 | 767 | 120,568 | 307,484 | 186,916 | | | | | | |
| | | | | | | | | | Fund Balance | | | | | | | | | |
| | | | | | | | | | Beginning Balance (Unaud.) | | 7,542,333 | | | | | | | |
| | | | | | | | | | Net Revenues | | 307,484 | | | | | | | |
| | | | | | | | | | Ending Fund Balance | | 7,849,816 | | | | | | | |
| | | | | | | | | | Components of Fund Bal. | | | | | | | | | |
| | | | | | | | | | Available For Econ. Uncert. | | 1,385,385 | | 17.1% of Expenditures | | | | | |
| | | | | | | | | | Restricted Balances (Est.) | | 123,886 | | 1.5% of Expenditures | | | | | |
| | | | | | | | | | Net Fixed Assets | | 6,340,545 | | 78.4% of Expenditures | | | | | |
| | | | | | | | | | Ending Fund Balance | | 7,849,816 | | 97.1% of Expenditures | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | Annual Budget | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--------------|---------|---------|---------------|---------|---------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA SA | | | | | | | | | Jul | Aug | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | | | | | | | | | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | 288,920 | 288,920 | 520,056 | 520,056 | 520,056 | 520,056 | 520,056 | 3,178,120 | 5,645,078 | 6,140,283 | 6,135,622 | (4,661) | 2,962,163 |
| 8012 EPA Entitlement | - | - | 26,326 | - | - | 26,325 | - | 52,651 | 111,404 | 111,404 | 111,404 | - | 58,753 |
| 8019 Prior Year Adjustments | (2,191) | - | - | - | - | - | - | (2,191) | - | - | - | - | 2,191 |
| 8096 InLieuPropTaxes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - LCFF Entitlement | 286,729 | 288,920 | 546,382 | 520,056 | 520,056 | 546,381 | 520,056 | 3,228,580 | 5,756,482 | 6,251,687 | 6,247,026 | (4,661) | 3,023,107 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|--------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|----------------|------------------|------------------|--------------|----------------|
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | 85,487 | 63,839 | 63,839 | - | 63,839 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | 2,655 | 54,300 | 595,407 | 62,499 | 20,833 | 106,875 | 70,335 | 912,904 | 800,612 | 1,380,266 | 1,380,098 | (168) | 467,362 |
| 8295 All Other Federal Revenue | - | - | - | - | - | - | - | - | 800,612 | 1,380,266 | - | (1,380,266) | 1,380,266 |
| SUBTOTAL - Federal Revenue | 2,655 | 54,300 | 595,407 | 62,499 | 20,833 | 106,875 | 70,335 | 912,904 | 886,099 | 1,444,105 | 1,443,937 | (168) | 531,201 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|----------------|----------------|----------------|----------------|----------|----------------|
| 8311 SpEd Revenue | 14,128 | 29,738 | 28,543 | 16,391 | 28,543 | 28,543 | 28,543 | 174,429 | 287,459 | 323,016 | 323,016 | - | 148,587 |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | 12,759 | - | - | 12,759 | 15,677 | 13,345 | 13,345 | - | 586 |
| 8560 StateLotteryRev | - | - | 18,647 | - | - | 11,662 | (18,647) | 11,662 | 120,336 | 106,029 | 106,029 | - | 94,368 |
| 8590 AllOthStateRev | - | - | 198,005 | - | - | 115,413 | - | 313,418 | 183,553 | 228,144 | 228,144 | - | (85,274) |
| 8595 AllOthStateRev PY | - | - | - | - | - | - | 18,647 | 18,647 | - | - | - | - | (18,647) |
| SUBTOTAL - Other State Revenue | 14,128 | 29,738 | 245,195 | 16,391 | 41,302 | 155,618 | 9,896 | 530,915 | 607,025 | 670,535 | 670,535 | - | 139,620 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|-------|-------|-------|-------|---|-------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | 213 | 113 | 193 | 784 | 246 | 323 | 267 | 2,138 | 4,992 | 4,992 | 4,992 | - | 2,854 |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8699 Other Revenue | - | - | - | - | - | - | - | - | 11 | 11 | 11 | - | 11 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | |
|--|---------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim |
| MSA SA | | | | | | | | | | | | | |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 66,028 | (66,028) | - | - | - | (0) | - | - | - | 0 |
| | SUBTOTAL - Local Revenue | 213 | 113 | 66,221 | (65,244) | 246 | 323 | 267 | 2,138 | 5,003 | 5,003 | 5,003 | 2,865 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA SA | | | | | | | | | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | 1,800 | - | 1,800 | - | - | 2,000 | 2,000 | (1,800) |
| 8803 | Fundraising | - | - | - | - | 591 | 2,070 | - | 2,661 | 46,103 | 46,103 | 26,103 | (20,000) | 43,442 |
| SUBTOTAL - Fundraising & Grants | | - | - | - | - | 591 | 3,870 | - | 4,461 | 46,103 | 46,103 | 28,103 | (18,000) | 41,642 |
| TOTAL REVENUE | | 303,725 | 373,071 | 1,453,205 | 533,702 | 583,028 | 813,067 | 600,554 | 4,678,998 | 7,300,712 | 8,417,433 | 8,394,604 | (22,829) | 3,738,435 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 133,514 | 94,280 | 181,773 | 176,328 | 174,306 | 182,096 | 272,093 | 1,214,390 | 2,416,251 | 2,349,840 | 2,348,841 | (999) | 1,135,449 |
| 1300 | Cert Adminis | 37,081 | 46,798 | 32,153 | 38,012 | 38,212 | 44,146 | 58,858 | 295,260 | 466,921 | 506,344 | 506,344 | - | 211,084 |
| SUBTOTAL - Certificated Salaries | | 170,595 | 141,078 | 213,925 | 214,340 | 212,518 | 226,243 | 330,951 | 1,509,650 | 2,883,172 | 2,856,184 | 2,855,185 | (999) | 1,346,533 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 680 | 4,860 | 17,242 | 16,036 | 17,911 | 17,782 | 25,254 | 99,764 | 220,656 | 288,897 | 288,897 | - | 189,133 |
| 2200 | Classified Support | 1,586 | 6,073 | 17,470 | 10,490 | 13,171 | 6,882 | 20,613 | 76,285 | 320,813 | 245,114 | 245,114 | - | 168,829 |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 6,321 | 12,661 | 12,661 | 12,628 | 11,274 | 11,282 | 17,027 | 83,853 | 116,912 | 157,312 | 157,312 | - | 73,459 |
| 2900 | OtherClassStaff | 3,227 | 5,994 | 3,664 | 5,030 | 4,993 | 1,532 | 1,257 | 25,697 | - | - | - | - | (25,697) |
| SUBTOTAL - Classified Salaries | | 11,813 | 29,587 | 51,038 | 44,184 | 47,349 | 37,478 | 64,152 | 285,600 | 658,381 | 691,323 | 691,323 | - | 405,724 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 4,349 | 23,163 | 35,421 | 33,378 | 32,071 | 36,568 | 52,759 | 217,709 | 423,349 | 329,262 | 329,262 | - | 111,553 |
| 3102 | STRS-Classified | - | - | - | - | - | - | - | - | 132,715 | 108,756 | 108,756 | - | 108,756 |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 2,280 | 5,415 | 8,995 | 8,875 | 9,490 | 9,660 | 13,130 | 57,846 | - | 143,110 | 143,110 | - | 85,264 |
| 3301 | OASDI/Med-Cert | 2,479 | 2,076 | 3,225 | 2,990 | 3,078 | 3,263 | 4,789 | 21,900 | 38,898 | 39,327 | 39,327 | - | 17,427 |
| 3302 | OASDI/Med-Class | 839 | 2,036 | 3,395 | 3,321 | 3,558 | 3,583 | 4,947 | 21,681 | 55,253 | 52,889 | 52,889 | - | 31,208 |
| 3401 | HlthWelfareCert | 3,725 | 85,264 | 84,089 | 508 | 3,717 | 42,801 | 3,436 | 223,541 | 466,306 | 372,582 | 372,582 | - | 149,041 |
| 3402 | HlthWelfareCert | - | - | - | 87,126 | 43,817 | - | - | 130,943 | 106,584 | 181,550 | 181,550 | - | 50,607 |
| 3501 | UI-Certificated | 967 | - | 454 | - | 545 | - | 390 | 2,356 | 26,825 | 5,624 | 5,624 | - | 3,268 |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 7,223 | 3,467 | 3,467 | - | 3,467 |
| 3601 | WorkersCmp-Cert | 10,023 | 3,341 | 3,341 | 3,341 | 3,341 | 3,341 | 3,340 | 30,068 | 98,586 | 78,586 | 78,586 | - | 48,518 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | | 24,661 | 121,296 | 138,920 | 139,540 | 99,617 | 99,218 | 82,791 | 706,043 | 1,355,739 | 1,315,152 | 1,315,152 | - | 609,109 |

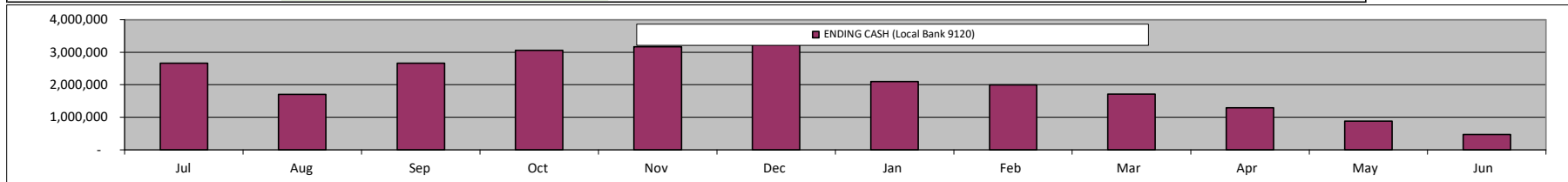
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA SA | | | | | | | | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | - | 1,890 | - | - | 1,890 | 34,392 | 29,108 | 29,108 | - | 27,218 |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | 900 | 900 | - | 900 |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4310 | Ins Mats & Sups | - | - | 1,890 | 87 | (1,890) | - | - | 87 | 9,000 | 9,000 | 9,000 | - | 8,913 |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4320 | Office Supplies | - | - | 246 | 1,649 | 220 | 415 | 162 | 2,692 | 1,000 | 6,500 | 6,500 | - | 3,808 |
| 4325 | ProfDevMat&Sups | - | - | - | 719 | - | - | - | 719 | - | 900 | 900 | - | 181 |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4340 | Educat Software | - | - | 20,300 | 2,625 | 4,219 | - | 5,352 | 32,496 | 59,004 | 120,596 | 120,596 | - | 88,100 |
| 4345 | NonInstStdntSup | - | - | 5,021 | 35,207 | 9,484 | 6,294 | 4,273 | 60,278 | 3,000 | 74,315 | 76,315 | 2,000 | 14,037 |
| 4346 | TeacherSupplies | - | - | 194 | - | - | - | - | 194 | 500 | 500 | 500 | - | 306 |
| 4350 | Cust. Supplies | - | 9,368 | 6,077 | 789 | 1,004 | - | 4,418 | 21,656 | 30,000 | 47,000 | 47,000 | - | 25,344 |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4400 | NonCapEquip-Gen | - | - | - | 4,497 | 226 | 547 | 4,869 | 10,138 | - | 27,000 | 27,000 | - | 16,862 |
| 4410 | ClssrmFrnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4440 | Computers <\$5k | - | - | - | - | 1,759 | 1,727 | 5,821 | 9,306 | 20,695 | 39,435 | 39,435 | - | 30,129 |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | 257,932 | - | (257,932) | 257,932 |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4720 | Food:Other Food | - | - | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | - | 2,000 |
| 4990 | Prior Year Adj (Mat'l's) | - | - | - | - | - | 527 | - | 527 | - | - | - | - | (527) |
| 4999 | Misc Expenditure (Suspense) | - | - | - | - | - | 176 | (227) | (51) | - | - | - | - | 51 |
| SUBTOTAL - Books and Supplies | | - | 9,368 | 33,728 | 45,574 | 16,910 | 9,685 | 24,667 | 139,933 | 159,591 | 615,185 | 359,253 | (255,932) | 475,252 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|------------------|------------------|----------------------------------|--------------------------------|--------------------------------------|--------------------------------|--|--|--|--|
| MSA SA | Jul | Aug | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actual YTD | Adopted July 1 | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | Budget | Budget | Budget | Interim | Interim | | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | | | | | |
| 5101 CMO Fees | - | - | - | - | - | - | 332,808 | 332,808 | 568,171 | 798,740 | 798,740 | - | 465,932 | | | | | |
| 5205 Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5210 MilesParkTolls | - | - | - | - | - | - | 148 | 148 | - | 500 | 500 | - | 352 | | | | | |
| 5215 TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5220 TraLodging | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5300 DuesMemberships | - | - | 1,070 | 38 | 1,215 | 5,460 | - | 7,783 | 16,000 | 15,100 | 15,100 | - | 7,317 | | | | | |
| 5450 Other Insurance | 14,501 | 4,834 | 4,834 | 4,834 | 4,834 | 4,834 | 4,835 | 43,506 | 44,000 | 44,000 | 44,000 | - | 494 | | | | | |
| 5500 OpsHousekeeping | 1,524 | 3,418 | 2,155 | 10,591 | (2,697) | 3,025 | 1,640 | 19,656 | 4,000 | 31,000 | 38,400 | 7,400 | 11,344 | | | | | |
| 5510 Gas & Electric | - | 4,063 | 4,958 | 2,268 | 6,985 | 2,643 | 2,649 | 23,565 | 90,000 | 90,000 | 90,000 | - | 66,435 | | | | | |
| 5610 Rent & Leases | - | - | - | - | - | 9,832 | - | 9,832 | - | - | 10,000 | 10,000 | (9,832) | | | | | |
| 5620 EquipmentLeases | - | 1,038 | 1,176 | 1,220 | 346 | 489 | 1,106 | 5,375 | 2,500 | 18,500 | 18,500 | - | 13,125 | | | | | |
| 5630 Reps&MaintBldng | - | 4,511 | 2,798 | 8,300 | 6,406 | 682 | - | 22,697 | 12,727 | 26,727 | 41,967 | 15,240 | 4,030 | | | | | |
| 5800 ProfessServices | 5,504 | 10,058 | 7,431 | 3,705 | 6,502 | 6,053 | 2,470 | 41,723 | 57,230 | 118,775 | 118,535 | (240) | 77,052 | | | | | |
| 5810 Legal | - | - | 52 | 1,612 | - | - | - | 1,664 | 5,000 | 5,000 | 5,000 | - | 3,336 | | | | | |
| 5813 SchPrgAftSchool | - | - | 33 | - | - | - | - | 33 | 6,891 | 6,891 | 6,891 | - | 6,858 | | | | | |
| 5814 SchPrgAcadComps | - | 405 | 700 | 187 | - | 495 | - | 1,787 | - | 1,288 | 1,288 | - | (499) | | | | | |
| 5819 SchIPrgs-Other | 78 | - | 665 | - | 1,353 | - | - | 2,097 | 24,000 | 24,000 | 24,000 | - | 21,903 | | | | | |
| 5820 Audit & CPA | - | - | - | - | - | - | 3,000 | 3,000 | - | 3,000 | 3,000 | - | - | | | | | |
| 5825 DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5835 Field Trips | - | - | - | - | - | - | - | - | 18,103 | 20,103 | 20,103 | - | 20,103 | | | | | |
| 5836 FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5840 MarkngStdRecrt | - | - | - | - | - | - | - | - | - | 3,000 | 1,588 | (1,412) | 3,000 | | | | | |
| 5850 Oversight Fees | - | - | - | - | - | - | - | - | 57,565 | 60,565 | 60,565 | - | 60,565 | | | | | |
| 5857 Payroll Fees | 2,743 | 2,527 | 3,677 | 1,913 | 1,984 | 4,783 | 2,611 | 20,237 | 18,000 | 29,100 | 29,100 | - | 8,863 | | | | | |
| 5860 Service Fees | 8 | 7 | 477 | 291 | 15 | 23 | 317 | 1,138 | - | - | 2,500 | 2,500 | (1,138) | | | | | |
| 5861 Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5863 Prof Developmnt | - | - | - | 40 | 1,079 | 3,944 | 507 | 5,570 | - | 42,437 | 43,268 | 831 | 36,867 | | | | | |
| 5864 Prof Dev-Other | - | - | - | - | - | - | - | - | 31,337 | 23,062 | 23,062 | - | 23,062 | | | | | |
| 5865 Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5869 SpEd Ctrct Inst | 3,119 | - | - | - | - | 1,335 | 1,462 | 5,916 | 69,273 | 131,573 | 131,573 | - | 125,657 | | | | | |
| 5870 Livescan | - | - | - | - | - | - | - | - | 1,000 | - | - | - | - | | | | | |
| 5872 SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5875 Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5884 Substitutes | - | - | 394 | 3,940 | 7,755 | 3,359 | 44,827 | 60,275 | 5,000 | 77,000 | 77,000 | - | 16,725 | | | | | |
| 5890 OthSvcsNon-Inst | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| 5900 Communications | - | 10 | 10 | 5,841 | 10 | 10 | 10 | 5,891 | 3,000 | 4,500 | 8,881 | 4,381 | (1,391) | | | | | |
| 5910 Communications 2 | - | - | - | - | - | 2,375 | 1,125 | 3,500 | 250 | 10,250 | 10,250 | - | 6,750 | | | | | |
| 5920 TelecomInternet | - | 1,686 | 1,694 | 1,702 | 1,699 | 1,705 | 1,721 | 10,207 | - | 8,500 | 16,986 | 8,486 | (1,707) | | | | | |
| 5930 PostageDelivery | - | - | 651 | 400 | 1,230 | - | 1,000 | 3,281 | 1,000 | 8,500 | 8,500 | - | 5,219 | | | | | |
| 5940 Technology | - | 1,437 | 5,729 | 8,776 | 790 | 1,880 | 479 | 19,090 | 27,850 | 29,745 | 29,745 | - | 10,655 | | | | | |
| 5990 Prior Year Adj (Services) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| SUBTOTAL - Services & Other Operating Exp. | 27,477 | 33,993 | 38,503 | 55,658 | 39,506 | 52,925 | 402,715 | 650,778 | 1,062,897 | 1,631,856 | 1,679,042 | 47,186 | 981,078 | | | | | |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA SA | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | 7,000 | 7,000 | - | 7,000 |
| 6900 | Depreciation | - | - | - | - | - | 305,264 | - | 305,264 | 580,000 | 580,000 | 580,000 | - | 274,736 |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | 305,264 | - | 305,264 | 580,000 | 587,000 | 587,000 | - | 281,736 |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | 68,792 | 34,000 | 114,363 | 35,407 | 34,000 | 35,406 | 34,000 | 355,968 | 600,165 | 600,165 | 600,165 | - | 244,197 |
| SUBTOTAL - Other Outflows | | 68,792 | 34,000 | 114,363 | 35,407 | 34,000 | 35,406 | 34,000 | 355,968 | 600,165 | 600,165 | 600,165 | - | 244,197 |
| TOTAL EXPENSES | | 303,339 | 369,322 | 590,477 | 534,703 | 449,900 | 766,219 | 939,276 | 3,953,236 | 7,299,945 | 8,296,865 | 8,087,120 | (209,745) | 4,343,629 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-SA | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 2,460,407 | 2,660,747 | 1,703,520 | 2,664,108 | 3,055,906 | 3,161,390 | 3,485,858 | 2,093,093 | 1,994,068 | 1,709,677 | 1,294,981 | 880,284 | 465,587 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | 286,729 | 288,920 | 546,382 | 520,056 | 520,056 | 546,381 | 520,056 | 520,056 | 487,489 | 487,489 | 487,489 | 487,489 | 574,758 | 6,273,351 |
| LCFF State Deferrals | | | | | | | | | (235,311) | (365,617) | (365,617) | (365,617) | 1,332,162 | - |
| Federal Revenue | 2,655 | 54,300 | 595,407 | 62,499 | 20,833 | 106,875 | 70,335 | 104,124 | 104,124 | 104,124 | 104,124 | 104,124 | 10,412 | 1,443,937 |
| Other State Revenues | 14,128 | 29,738 | 245,195 | 16,391 | 41,302 | 155,618 | 9,896 | 31,033 | 31,033 | 31,033 | 31,033 | 31,033 | 3,103 | 670,535 |
| Other Local Revenues | 213 | 113 | 66,221 | (65,244) | 837 | 4,193 | 267 | 5,197 | 5,197 | 5,197 | 5,197 | 5,197 | 520 | 33,106 |
| Total Revenue | 303,725 | 373,071 | 1,453,205 | 533,702 | 583,028 | 813,067 | 600,554 | 660,410 | 392,532 | 262,227 | 262,227 | 262,227 | 1,920,956 | 8,420,929 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 170,595 | 141,078 | 213,925 | 214,340 | 212,518 | 226,243 | 330,951 | 267,811 | 267,811 | 267,811 | 267,811 | 267,811 | 6,479 | 2,855,185 |
| Classified Salaries | 11,813 | 29,587 | 51,038 | 44,184 | 47,349 | 37,478 | 64,152 | 54,757 | 54,757 | 54,757 | 54,757 | 54,757 | 131,937 | 691,323 |
| Benefits | 24,661 | 121,296 | 138,920 | 139,540 | 99,617 | 99,218 | 82,791 | 113,564 | 113,564 | 113,564 | 113,564 | 113,564 | 41,290 | 1,315,152 |
| Books and Supplies | - | 9,368 | 33,728 | 45,574 | 16,910 | 9,685 | 24,667 | 23,322 | 23,322 | 23,322 | 23,322 | 23,322 | 102,710 | 359,253 |
| Services and Operations | 27,477 | 33,993 | 38,503 | 55,658 | 39,506 | 52,925 | 402,715 | 155,825 | 155,825 | 155,825 | 155,825 | 155,825 | 249,138 | 1,679,042 |
| Depreciation / Cap Outlay | - | - | - | - | - | 305,264 | - | 55,242 | 55,242 | 55,242 | 55,242 | 60,766 | 0 | 587,000 |
| Other Outflows | 68,792 | 34,000 | 114,363 | 35,407 | 34,000 | 35,406 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 74,197 | 600,165 |
| Total Expenses | 303,339 | 369,322 | 590,477 | 534,703 | 449,900 | 766,219 | 939,276 | 704,522 | 704,522 | 704,522 | 704,522 | 710,046 | 605,752 | 8,087,120 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 378,480 | | 21,950 | 12,152 | - | | | | | | | | | 412,582 |
| Accounts Receivable - Bond Project | | | | | | | | | | | | | | - |
| Other Assets/Accrual Adj | 186,287 | | 43,330 | 333,706 | | | (1,168,587) | | | | | | | (605,263) |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | 305,264 | - | 55,242 | 55,242 | 55,242 | 55,242 | 60,766 | | 587,000 |
| Fixed Assets - Acquisitions | | | | | | | | | | | | | | - |
| Due To (From) | | | | (33,291) | (33,291) | (33,291) | (33,291) | (33,291) | (33,291) | (33,291) | (33,291) | (33,291) | | (299,618) |
| Expenses - Prior Year Accruals | (364,814) | (960,975) | 32,580 | 74,585 | | | 142,187 | (82,512) | | | | | | (1,158,949) |
| Accounts Payable - Current Year | | | | | | | | | | | | | | - |
| Summer Holdback for Teachers | | | | 5,647 | 5,647 | 5,647 | 5,647 | 5,647 | 5,647 | 5,647 | 5,647 | 5,647 | | 50,823 |
| Loans Payable (Current) | | | | - | - | - | - | - | - | - | - | - | | - |
| Loans Payable (Long Term) | | | | | | | | | | | | | | - |
| Total Other Transactions | 199,953 | (960,975) | 97,860 | 392,799 | (27,644) | 277,620 | (1,054,044) | (54,913) | 27,599 | 27,599 | 27,599 | 33,123 | | (1,013,425) |
| Total Change in Cash | 200,340 | (957,227) | 960,588 | 391,798 | 105,484 | 324,468 | (1,392,765) | (99,025) | (284,391) | (414,697) | (414,697) | (414,697) | | (679,616) |
| ENDING CASH (Local Bank 9120) | 2,660,747 | 1,703,520 | 2,664,108 | 3,055,906 | 3,161,390 | 3,485,858 | 2,093,093 | 1,994,068 | 1,709,677 | 1,294,981 | 880,284 | 465,587 | <<< = 21 days cash | |



MSA-SD Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$307,230.

This is an decrease of (\$53,286) from the original First Interim Budget projected surplus of \$360,517.

This will allow MSA-SD to end this fiscal year with a balance of \$607,393, which is 13.8% of annual expenditures.

The current projected ADA is based off growth fundiong but will be funded at P-2 Hold Harmless amounts.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$157,289, which represents 13 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$157,289, which represents 13 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = increase of \$7,534, or 0.2% of First Interim Budget Revenues)

LCFF Entitlement: These "Local Control Funding Formula" revenues are the primary funding source for the school.

LCFF Entitlement projected revenues are \$0 lower than in the First Interim Budget, due to average daily attendance (ADA) decreasing by 0.

Federal Revenues: This consists of Title I-IV "Every Student Succeeds Act" (ESSA) funding, federal special education, and federal food programs.

Federal Revenues are projected at \$18 higher than in the First Interim Budget.

Other State Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other State Revenues are projected at (\$1,863) lower than in the First Interim Budget.

Other Local Revenues: These are the non-LCFF state revenues such as Lottery, Facility Grant, and one-time block grants.

Other Local Revenues are projected at \$0 lower than in the the First Interim Budget..

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = increase of \$60,821, or 1.4% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$1,626 higher than in the First Interim Budget, reflecting budget adjustments to address changes in enrollment and other fac

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at (\$244,676) lower than in the First Interim Budget.

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be (\$33,509) lower than in the First Interim Budget.

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets and interest on long-term debt.

These costs are projected at \$28,500 higher than in the First Interim Budget, reflecting updated depreciation and encroachment projections.



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--|----------------------------------|-----------------------------|-----------------------------------|-----------------------------|---------------|--|--|--|--|
| MSA SD | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | | | | | |
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | | | | | | |
| Projected Average Daily Attendance: | | | | | | | | | 447 | 427 | 427 | - | | | | | | |
| SUMMARY | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | |
| LCFF Entitlement | - | - | 418,078 | 652,310 | 284,356 | 305,392 | 284,356 | 1,944,492 | 3,440,154 | 3,767,152 | 3,767,152 | - | 52% | | | | | |
| Federal Revenue | - | - | 204,919 | - | - | 28,152 | 2,542 | 235,619 | 131,366 | 378,466 | 378,531 | 65 | 62% | | | | | |
| Other State Revenues | 11,288 | 30,606 | 53,156 | 40,258 | 29,899 | 22,806 | 53,060 | 251,273 | 423,901 | 480,089 | 487,558 | 7,469 | 52% | | | | | |
| Other Local Revenues | 569 | 1,689 | 2,000 | 3,014 | 259 | 19,710 | 1,010 | 28,251 | 84,557 | 84,557 | 84,557 | - | 33% | | | | | |
| Total Revenue | 11,857 | 32,295 | 678,153 | 695,582 | 314,514 | 376,060 | 340,968 | 2,459,635 | 4,079,978 | 4,710,265 | 4,717,799 | 7,534 | 52% | | | | | |
| Expenditures | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 96,366 | 84,890 | 134,548 | 141,560 | 139,773 | 143,191 | 198,866 | 939,194 | 1,643,538 | 1,696,593 | 1,696,593 | - | 55% | | | | | |
| Classified Salaries | 9,783 | 18,600 | 27,656 | 25,612 | 26,594 | 23,923 | 37,271 | 169,438 | 238,666 | 324,521 | 324,254 | (267) | 52% | | | | | |
| Benefits | 14,426 | 63,175 | 60,068 | 57,897 | 56,732 | 59,998 | 68,934 | 381,230 | 797,999 | 697,497 | 699,390 | 1,893 | 55% | | | | | |
| Books and Supplies | 14 | 6,359 | 6,505 | 7,620 | 13,678 | 13,120 | 6,663 | 53,960 | 69,315 | 125,593 | 132,093 | 6,500 | 41% | | | | | |
| Services and Operating Exp. | 19,974 | 72,954 | 78,156 | 96,198 | 75,202 | 222,270 | 130,684 | 695,438 | 1,310,399 | 1,485,543 | 1,509,738 | 24,195 | 46% | | | | | |
| Depreciation & Cap Outlay | - | - | - | - | - | 25,931 | - | 25,931 | 20,000 | 20,000 | 45,000 | 25,000 | 58% | | | | | |
| Other Outflows | - | - | - | 885 | - | 886 | - | 1,771 | - | - | 3,500 | 3,500 | 51% | | | | | |
| Total Expenditures | 140,563 | 245,979 | 306,933 | 329,771 | 311,980 | 489,319 | 442,417 | 2,266,961 | 4,079,917 | 4,349,748 | 4,410,568 | 60,821 | 51% | | | | | |
| Net Revenues | | | | | | | | 192,674 | 61 | 360,517 | 307,230 | (53,286) | | | | | | |
| | | | | | | | | | Fund Balance Beginning Balance (Unaud.) 300,163 Net Revenues 307,230 Ending Fund Balance 607,393 | | | | | | | | | |
| | | | | | | | | | Components of Fund Bal. Available For Econ. Uncert. 367,188 8.3% of Expenditures Restricted Balances (Est.) 5,531 0.1% of Expenditures Net Fixed Assets 234,674 5.3% of Expenditures Ending Fund Balance 607,393 13.8% of Expenditures | | | | | | | | | |



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | |
|--|--|--|--|--|--|--|--|--|--------------|---------|---------|---------|---------|---------------|---------|------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA SD | | | | | | | | | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | | | | | | | | | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |

REVENUE DETAIL

LCFF Entitlement

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|------------------------------------|---------|---------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | | | | | | |
| 8011 State Aid | - | - | 59,397 | 58,983 | 59,397 | 58,983 | 58,155 | 294,915 | 447,825 | 712,133 | 712,133 | - | 417,218 |
| 8012 EPA Entitlement | - | - | 21,036 | - | - | 21,036 | - | 42,072 | 88,602 | 88,602 | 88,602 | - | 46,530 |
| 8019 Prior Year Adjustments | - | - | (414) | 198,924 | (414) | - | 828 | 198,924 | - | - | - | - | (198,924) |
| 8096 InLieuPropTaxes | - | - | 338,059 | 394,403 | 225,373 | 225,373 | 225,373 | 1,408,581 | 2,903,727 | 2,966,417 | 2,966,417 | - | 1,557,836 |
| SUBTOTAL - LCFF Entitlement | - | - | 418,078 | 652,310 | 284,356 | 305,392 | 284,356 | 1,944,492 | 3,440,154 | 3,767,152 | 3,767,152 | - | 1,822,660 |

Federal Revenue

| | | | | | | | | | | | | | |
|-----------------------------------|---|---|----------------|---|---|---------------|--------------|----------------|----------------|----------------|----------------|-----------|----------------|
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | 50,773 | 51,012 | 51,012 | - | 51,012 |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | 204,919 | - | - | 28,152 | 2,542 | 235,613 | 80,593 | 327,454 | 327,519 | 65 | 91,841 |
| 8295 All Other Federal Revenue | - | - | - | - | - | 6 | - | 6 | 80,593 | 327,454 | - | (327,454) | 327,448 |
| SUBTOTAL - Federal Revenue | - | - | 204,919 | - | - | 28,152 | 2,542 | 235,619 | 131,366 | 378,466 | 378,531 | 65 | 142,847 |

Other State Revenue

| | | | | | | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|
| 8311 SpEd Revenue | 11,288 | 30,606 | 22,806 | 22,806 | 22,806 | 22,806 | 22,806 | 155,924 | 228,623 | 268,575 | 268,575 | - | 112,651 |
| 8520 SchoolNtrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | 7,093 | - | - | 7,093 | 6,820 | - | 7,469 | 7,469 | (7,093) |
| 8560 StateLotteryRev | - | - | - | 17,452 | - | - | 30,254 | 47,706 | 95,822 | 88,159 | 88,159 | - | 40,453 |
| 8590 AllOthStateRev | - | - | 30,350 | - | - | - | - | 30,350 | 92,636 | 123,356 | 123,356 | - | 93,006 |
| 8595 AllOthStateRev PY | (130) | - | - | 10,330 | - | - | - | 10,200 | - | - | - | - | (10,200) |
| SUBTOTAL - Other State Revenue | 11,288 | 30,606 | 53,156 | 40,258 | 29,899 | 22,806 | 53,060 | 251,273 | 423,901 | 480,089 | 487,558 | 7,469 | 228,816 |

Local Revenue

| | | | | | | | | | | | | | |
|------------------------------|-----|-----|---|-----|-----|---|-----|-------|-------|-------|-------|---|-------|
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | 569 | 645 | - | 514 | 259 | - | 431 | 2,418 | 5,636 | 5,636 | 5,636 | - | 3,218 |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8703 CMO Fee - MSA-3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8704 CMO Fee - MSA-4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8705 CMO Fee - MSA-5 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8706 CMO Fee - MSA-6 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8707 CMO Fee - MSA-7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | - | - | - | - | - | - | - | - |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA SD | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | 1,044 | 2,000 | (2,544) | - | (500) | - | - | - | - | - | - | - |
| | SUBTOTAL - Local Revenue | 569 | 1,689 | 2,000 | (2,031) | 259 | (500) | 431 | 2,418 | 5,636 | 5,636 | 5,636 | - | 3,218 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-----------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA SD | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8803 | Fundraising | - | - | - | 5,044 | - | 20,210 | 579 | 25,833 | 78,921 | 78,921 | 78,921 | - | 53,088 |
| SUBTOTAL - Fundraising & Grants | | - | - | - | 5,044 | - | 20,210 | 579 | 25,833 | 78,921 | 78,921 | 78,921 | - | 53,088 |
| TOTAL REVENUE | | 11,857 | 32,295 | 678,153 | 695,582 | 314,514 | 376,060 | 340,968 | 2,459,635 | 4,079,978 | 4,710,265 | 4,717,799 | 7,534 | 2,250,629 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | 65,544 | 50,805 | 104,904 | 111,366 | 109,179 | 110,020 | 158,921 | 710,738 | 1,271,810 | 1,297,440 | 1,297,440 | - | 586,703 |
| 1300 | Cert Adminis | 30,822 | 34,086 | 29,644 | 30,194 | 30,594 | 33,171 | 39,946 | 228,456 | 371,728 | 399,153 | 399,153 | - | 170,697 |
| SUBTOTAL - Certificated Salaries | | 96,366 | 84,890 | 134,548 | 141,560 | 139,773 | 143,191 | 198,866 | 939,194 | 1,643,538 | 1,696,593 | 1,696,593 | - | 757,400 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | 924 | 809 | 8,311 | 8,065 | 7,848 | 7,695 | 12,492 | 46,143 | 140,259 | 140,926 | 140,659 | (267) | 94,783 |
| 2200 | Classified Support | 3,328 | 6,656 | 6,656 | 6,656 | 6,354 | 6,506 | 9,969 | 46,126 | - | 39,707 | 59,707 | 20,000 | (6,419) |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 5,484 | 10,968 | 10,968 | 10,968 | 10,968 | 10,968 | 16,798 | 77,122 | 98,407 | 143,888 | 123,888 | (20,000) | 66,766 |
| 2900 | OtherClassStaff | 47 | 167 | 1,721 | (78) | 1,424 | (1,246) | (1,988) | 47 | - | - | - | - | (47) |
| SUBTOTAL - Classified Salaries | | 9,783 | 18,600 | 27,656 | 25,612 | 26,594 | 23,923 | 37,271 | 169,438 | 238,666 | 324,521 | 324,254 | (267) | 155,083 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 1,186 | 6,157 | 11,924 | 12,563 | 11,123 | 14,724 | 17,233 | 74,911 | 259,210 | 201,751 | 201,751 | - | 126,840 |
| 3102 | STRS-Classified | - | - | 487 | 497 | 446 | 413 | 648 | 2,491 | 58,360 | 58,360 | 58,360 | - | 55,869 |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 1,347 | 2,311 | 3,376 | 3,313 | 3,270 | 3,313 | 4,427 | 21,356 | - | 67,176 | 59,069 | (8,107) | 45,820 |
| 3301 | OASDI/Med-Cert | 3,500 | 8,782 | 12,249 | 12,712 | 12,385 | 12,325 | 17,902 | 79,855 | 29,868 | 23,354 | 23,354 | - | (56,501) |
| 3302 | OASDI/Med-Class | 1,019 | 2,053 | 2,430 | 2,408 | 2,388 | 2,391 | 3,705 | 16,394 | 22,119 | 24,826 | 24,826 | - | 8,432 |
| 3401 | HlthWelfareCert | 1,977 | 41,811 | 27,595 | 24,605 | 25,085 | 25,034 | 22,969 | 169,077 | 307,035 | 294,840 | 294,840 | - | 125,763 |
| 3402 | HlthWelfareCert | - | - | - | - | - | - | - | - | 80,680 | 4,654 | 4,654 | - | 4,654 |
| 3501 | UI-Certificated | - | 262 | 208 | - | 236 | - | 250 | 956 | 17,835 | 1,611 | 1,611 | - | 655 |
| 3502 | UI-Classified | - | - | - | - | - | - | - | - | 2,892 | 926 | 926 | - | 926 |
| 3601 | WorkersCmp-Cert | 5,396 | 1,799 | 1,799 | 1,799 | 1,799 | 1,799 | 1,799 | 16,190 | 20,000 | 20,000 | 30,000 | 10,000 | 3,810 |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Employee Benefits | | 14,426 | 63,175 | 60,068 | 57,897 | 56,732 | 59,998 | 68,934 | 381,230 | 797,999 | 697,497 | 699,390 | 1,893 | 316,267 |

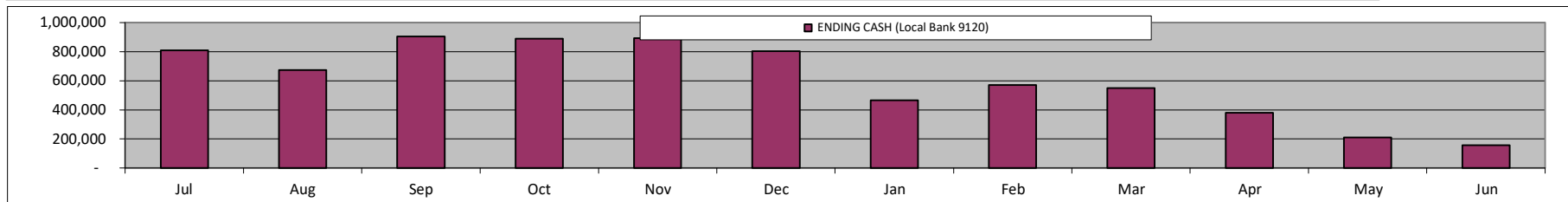
| 2020-21 Second Interim Budget Actuals through January 31, 2021 | | | | | | | | | Annual Budget | | | | | |
|---|-----------------------------|-------------|--------------|--------------|--------------|---------------|---------------|--------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|---------------|
| Year To Date | | | | | | | | | Annual Budget | | | | | |
| MSA SD | | | | | | | | | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | | | | | | | |
| Books & Supplies | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | 10,000 | 7,968 | 7,968 | - | 7,968 | |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4310 | Ins Mats & Sups | - | - | - | 1,231 | 1,389 | - | 2,621 | 15,997 | 19,997 | 13,064 | (6,933) | 17,376 | |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4320 | Office Supplies | 14 | 14 | 43 | 555 | 264 | 223 | 1,130 | 5,000 | 3,742 | 1,675 | (2,067) | 2,612 | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4340 | Educat Software | - | - | 5,522 | - | 1,750 | - | 5,028 | 20,113 | 23,113 | 23,113 | - | 10,813 | |
| 4345 | NonInstStdntSup | - | 6,345 | 941 | 5,818 | 4,998 | 12,897 | 1,617 | 1,500 | 54,541 | 54,541 | - | 21,925 | |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4350 | Cust. Supplies | - | - | - | 16 | 5,202 | - | 5,219 | 1,500 | 1,500 | 17,500 | 16,000 | (3,719) | |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | 2,500 | 2,500 | - | |
| 4410 | ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4440 | Computers <\$5k | - | - | - | - | - | - | - | 10,473 | 10,000 | 10,000 | - | 10,000 | |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4720 | Food:Other Food | - | - | - | - | 75 | - | 75 | 4,732 | 4,732 | 1,732 | (3,000) | 4,657 | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | - | - | (0) | (0) | - | - | - | - | 0 | |
| 4999 | Misc Expenditure (Suspense) | - | - | - | - | - | - | - | - | - | - | - | - | |
| SUBTOTAL - Books and Supplies | | 14 | 6,359 | 6,505 | 7,620 | 13,678 | 13,120 | 6,663 | 53,960 | 69,315 | 125,593 | 132,093 | 6,500 | 71,634 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| MSA SD | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | - | - | - | 72,416 | - | 72,416 | 185,456 | 173,800 | 173,800 | - | 101,384 |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5210 | MilesParkTolls | - | - | - | - | - | - | - | - | - | 1,500 | 1,500 | - | 1,500 |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | - | - | - | - | - | - | - | 3,000 | 1,500 | 1,500 | - | 1,500 |
| 5300 | DuesMemberships | 109 | - | 484 | 267 | - | - | 4,445 | 5,304 | 4,000 | 4,000 | 6,506 | 2,506 | (1,304) |
| 5450 | Other Insurance | 11,516 | 3,838 | 3,839 | 3,839 | 3,839 | 3,839 | 3,839 | 34,549 | 28,000 | 28,000 | 36,107 | 8,107 | (6,549) |
| 5500 | OpsHousekeeping | - | 1,014 | - | 663 | - | 1,222 | 3,245 | 6,144 | - | 7,500 | 13,817 | 6,317 | 1,356 |
| 5510 | Gas & Electric | - | 2,890 | 3,563 | 3,359 | 3,109 | 2,653 | 2,702 | 18,275 | 20,000 | 35,000 | 35,000 | - | 16,725 |
| 5610 | Rent & Leases | - | 41,000 | 60,200 | 60,200 | 60,200 | 105,332 | 99,900 | 426,830 | 718,878 | 718,878 | 718,878 | - | 292,048 |
| 5620 | EquipmentLeases | 491 | 1,430 | 477 | 2,370 | 477 | 477 | 1,681 | 7,403 | 6,000 | 9,900 | 13,650 | 3,750 | 2,497 |
| 5630 | Reps&MaintBldng | 289 | - | 310 | - | - | 210 | - | 809 | 2,000 | 2,000 | 1,483 | (517) | 1,191 |
| 5800 | ProfessServices | - | 10,219 | - | 8,976 | 1,867 | 1,798 | 2,621 | 25,480 | 39,997 | 81,023 | 96,023 | 15,000 | 55,543 |
| 5810 | Legal | - | - | (6,657) | - | 104 | - | 1,575 | (4,979) | - | 4,000 | 4,000 | - | 8,979 |
| 5813 | SchPrgAftSchool | - | - | - | 5,753 | - | 15,689 | 2,556 | 23,998 | 92,636 | 93,006 | 93,006 | - | 69,008 |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5819 | SchlProgs-Other | - | - | - | - | - | - | - | - | 20,000 | 20,000 | 4,000 | (16,000) | 20,000 |
| 5820 | Audit & CPA | - | - | 1,500 | - | - | 3,000 | - | 4,500 | 8,500 | 8,500 | 8,500 | - | 4,000 |
| 5825 | DMSBusinessSvcs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | 44,189 | 44,189 | 44,189 | - | 44,189 |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdRecrct | - | - | - | 94 | - | - | - | 94 | 5,000 | 5,000 | 4,450 | (550) | 4,906 |
| 5850 | Oversight Fees | 3,248 | 3,452 | - | - | - | 3,799 | 3,799 | 14,299 | 41,458 | 38,458 | 38,458 | - | 24,159 |
| 5857 | Payroll Fees | 1,450 | 1,554 | 1,185 | 1,198 | 1,198 | 1,198 | 1,514 | 9,298 | 11,000 | 11,000 | 15,750 | 4,750 | 1,702 |
| 5860 | Service Fees | - | - | 40 | 112 | - | - | 4 | 156 | - | - | 500 | 500 | (156) |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | - | - | - | - | - | - | - | - | 6,985 | 22,506 | 22,838 | 332 | 22,506 |
| 5864 | Prof Dev-Other | - | - | - | - | - | - | - | - | 3,000 | 3,000 | 3,000 | - | 3,000 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | 4,796 | - | 2,184 | 1,790 | 8,550 | 614 | 17,934 | 27,000 | 114,446 | 114,446 | - | 96,512 |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 750 | 750 | 750 | - | 750 |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5875 | Staff Recruiting | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5884 | Substitutes | - | - | - | - | - | - | - | - | 2,000 | 10,500 | 5,500 | (5,000) | 10,500 |
| 5890 | OthSvcsNon-Inst | 346 | 346 | - | - | - | 408 | 408 | 1,508 | - | - | - | - | (1,508) |
| 5900 | Communications | - | - | - | - | - | 568 | 454 | 1,022 | 2,000 | 2,000 | 2,000 | - | 978 |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5920 | TelecomInternet | 831 | 2,140 | 1,131 | 1,033 | 2,137 | 838 | 836 | 8,947 | 14,000 | 14,000 | 19,000 | 5,000 | 5,053 |
| 5930 | PostageDelivery | 1,147 | - | - | - | 209 | - | - | 1,356 | 2,000 | 2,000 | 2,000 | - | 644 |
| 5940 | Technology | 548 | 274 | 5,147 | 6,150 | 274 | 274 | 494 | 13,159 | 22,550 | 29,088 | 29,088 | - | 15,929 |
| 5990 | Prior Year Adj (Services) | - | - | 6,936 | - | - | - | - | 6,936 | - | - | - | - | (6,936) |
| SUBTOTAL - Services & Other Operating Exp. | | 19,974 | 72,954 | 78,156 | 96,198 | 75,202 | 222,270 | 130,684 | 695,438 | 1,310,399 | 1,485,543 | 1,509,738 | 24,195 | 790,105 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA SD | | | | | | | | | | | | | | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6900 | Depreciation | - | - | - | - | - | 25,931 | - | 25,931 | 20,000 | 20,000 | 45,000 | 25,000 | (5,931) |
| SUBTOTAL - Capital Outlay & Depreciation | | - | - | - | - | - | 25,931 | - | 25,931 | 20,000 | 20,000 | 45,000 | 25,000 | (5,931) |
| Other Outflows | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7438 | InterestExpense | - | - | - | 885 | - | 886 | - | 1,771 | - | - | 3,500 | 3,500 | (1,771) |
| SUBTOTAL - Other Outflows | | - | - | - | 885 | - | 886 | - | 1,771 | - | - | 3,500 | 3,500 | (1,771) |
| TOTAL EXPENSES | | 140,563 | 245,979 | 306,933 | 329,771 | 311,980 | 489,319 | 442,417 | 2,266,961 | 4,079,917 | 4,349,748 | 4,410,568 | 60,821 | 2,082,787 |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MSA-SD | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|----------------|------------------|------------------|------------------|----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|------------------------------------|------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 787,463 | 810,484 | 673,176 | 905,683 | 889,866 | 892,401 | 805,073 | 465,286 | 570,788 | 550,387 | 380,363 | 210,340 | 157,289 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | - | - | 418,078 | 652,310 | 284,356 | 305,392 | 284,356 | 452,558 | 311,630 | 181,203 | 181,203 | 206,697 | (17,307) | 3,260,476 |
| LCFF State Deferrals | - | - | - | - | - | - | - | - | (34,664) | (53,859) | (53,859) | (53,859) | 196,242 | - |
| Federal Revenue | - | - | 204,919 | - | - | 28,152 | 2,542 | 28,023 | 28,023 | 28,023 | 28,023 | 28,023 | 2,802 | 378,531 |
| Other State Revenues | 11,288 | 30,606 | 53,156 | 40,258 | 29,899 | 22,806 | 53,060 | 48,330 | 48,330 | 48,330 | 48,330 | 48,330 | 4,833 | 487,558 |
| Other Local Revenues | 569 | 1,689 | 2,000 | 3,014 | 259 | 19,710 | 1,010 | 11,040 | 11,040 | 11,040 | 11,040 | 11,040 | 1,104 | 84,557 |
| Total Revenue | 11,857 | 32,295 | 678,153 | 695,582 | 314,514 | 376,060 | 340,968 | 539,952 | 364,360 | 214,738 | 214,738 | 240,232 | 187,675 | 4,211,123 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 96,366 | 84,890 | 134,548 | 141,560 | 139,773 | 143,191 | 198,866 | 154,518 | 154,518 | 154,518 | 154,518 | 111,461 | 27,865 | 1,696,593 |
| Classified Salaries | 9,783 | 18,600 | 27,656 | 25,612 | 26,594 | 23,923 | 37,271 | 29,270 | 29,270 | 29,270 | 29,270 | 29,270 | 8,466 | 324,254 |
| Benefits | 14,426 | 63,175 | 60,068 | 57,897 | 56,732 | 59,998 | 68,934 | 67,247 | 67,247 | 67,247 | 67,247 | 39,336 | 9,834 | 699,390 |
| Books and Supplies | 14 | 6,359 | 6,505 | 7,620 | 13,678 | 13,120 | 6,663 | 9,890 | 9,890 | 9,890 | 9,890 | 1,763 | 36,810 | 132,093 |
| Services and Operations | 19,974 | 72,954 | 78,156 | 96,198 | 75,202 | 222,270 | 130,684 | 123,835 | 123,835 | 123,835 | 123,835 | 111,452 | 207,508 | 1,509,738 |
| Depreciation / Cap Outlay | - | - | - | - | - | 25,931 | - | 3,739 | 3,739 | 3,739 | 3,739 | 3,739 | 374 | 45,000 |
| Other Outflows | - | - | - | 885 | - | 886 | - | - | - | - | - | - | 1,729 | 3,500 |
| Total Expenses | 140,563 | 245,979 | 306,933 | 329,771 | 311,980 | 489,319 | 442,417 | 388,500 | 388,500 | 388,500 | 388,500 | 297,021 | 292,586 | 4,410,568 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 344,213 | 192,985 | - | (367,954) | - | - | - | - | - | - | - | - | - | 169,244 |
| Accounts Receivable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets/Accrual Adj | 82,320 | - | - | (33,965) | - | - | (333,471) | - | - | - | - | - | - | (285,115) |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | 25,931 | - | 3,739 | 3,739 | 3,739 | 3,739 | 3,739 | - | 44,626 |
| Fixed Assets - Acquisitions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due To (From) | 30,401 | (88,433) | (160,999) | - | - | - | - | - | - | - | - | - | - | (219,031) |
| Expenses - Prior Year Accruals | (222,758) | (28,177) | 22,286 | 20,292 | - | - | 95,133 | (49,689) | - | - | - | - | - | (162,913) |
| Accounts Payable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Current) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Long Term) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | 234,176 | 76,375 | (138,713) | (381,627) | - | 25,931 | (238,338) | (45,950) | 3,739 | 3,739 | 3,739 | 3,739 | - | (453,189) |
| Total Change in Cash | 105,471 | (137,308) | 232,507 | (15,817) | 2,535 | (87,328) | (339,787) | 105,502 | (20,401) | (170,023) | (170,023) | (53,051) | - | (652,635) |
| ENDING CASH (Local Bank 9120) | 810,484 | 673,176 | 905,683 | 889,866 | 892,401 | 805,073 | 465,286 | 570,788 | 550,387 | 380,363 | 210,340 | 157,289 | <<< = 13 days cash | |



MERF Executive Summary

SUMMARY OF RESULTS

This Second Interim Budget update projects a budget surplus of \$57,495.

This is an decrease of (\$204,491) from the original First Interim Budget projected surplus of \$261,986.

This will allow MERF to end this fiscal year with a balance of \$1,916,825, which is 35.9% of annual expenditures.

CASH FLOW

Operating cash flow is projected to remain positive throughout this fiscal year, as shown in the attached monthly cash flow schedule.

The lowest projected ending cash balance this fiscal year is \$1,883,175, which represents 129 days of operating costs on average.

The June 30, 2020 ending cash balance this fiscal year is projected to be \$3,008,912, which represents 206 days of average operating costs.

This cash flow takes into account all intercompany loans made to date, but does not assume additional loans until approved by the Board.

SIGNIFICANT CHANGES IN REVENUE (Total change from First Interim = decrease of \$0, or 0.0% of First Interim Budget Revenues)

Other Local Revenues: This category includes all MERF revenues from the sites, as well as other schoolwide revenue sources.

CMO Fee and other projected revenues are \$0 lower than in the First Interim Budget, due primarily to a \$600,000 fee reduction at MSA-Santa Ana.

SIGNIFICANT CHANGES IN EXPENSES (Total change from First Interim = increase of \$204,491, or 4.0% of First Interim Budget Expenses)

Salaries and Benefits: This includes all employee pay, plus benefits such as retirement, healthcare, Medicare, Social Security, etc.

Salaries and Benefits costs are \$185,591 higher than in the First Interim Budget, reflecting budget adjustments.

Books & Supplies: This category includes textbooks, computers, supplies, and other instructional and non-instructional materials and equipment.

Books & Supplies costs are projected at \$0 lower than in the First Interim Budget, due to targeted budget adjustments (see detail).

Services & Operating Expenses: These include all contracted services as well as travel, insurance, rent, legal costs, and other service-related expenses.

Services & Operating costs are projected to be \$18,900 higher than in the First Interim Budget, due to targeted budget adjustments (see detail).

Depreciation, Capital Outlay, and Other Outgo: This category includes depreciation on fixed assets, interest, and other related costs.

These costs are projected at \$0 lower than in the First Interim Budget, reflecting no changes in projections.



| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | |
|--|--|--|--|--|--|--|--|--|--------------|-------------|-------------|-------------|-------------|---------------|-------------|------------|-----------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA MERF | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |

REVENUE DETAIL

| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board-Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | 2nd Interim Budget Remaining |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-----------------------|------------------------------|-----------------------------|--------------------------------|------------------------------|
| LCFF Entitlement | | | | | | | | | | | | | |
| 8011 State Aid | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8012 EPA Entitlement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8019 Prior Year Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8096 InLieuPropTaxes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - LCFF Entitlement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal Revenue | | | | | | | | | | | | | |
| 8181 SpEd - Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8220 SchLunchFederal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8290 All Other Federal Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8295 All Other Federal Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Federal Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other State Revenue | | | | | | | | | | | | | |
| 8311 SpEd Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8520 SchoolNutrState | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8550 MandCstReimburs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8560 StateLotteryRev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8590 AllOthStateRev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8595 AllOthStateRev PY | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Other State Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Local Revenue | | | | | | | | | | | | | |
| 8600 Other Local Rev | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8634 StudentLunchFee | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8650 Leases & Rentals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8660 Interest | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8690 Prior Year Adj (Local1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8695 Prior Year Adj (Local2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8698 OthRev-Suspense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8701 CMO Fee - MSA-1 | - | - | - | - | - | 367,236 | - | 367,236 | 777,775 | 860,375 | 860,375 | - | 493,139 |
| 8702 CMO Fee - MSA-2 | - | - | - | - | - | 332,440 | - | 332,440 | 704,858 | 794,858 | 794,858 | - | 462,418 |
| 8703 CMO Fee - MSA-3 | - | - | 215,132 | 71,711 | - | 153,842 | 73,447 | 514,131 | 777,775 | 860,526 | 860,526 | - | 346,395 |
| 8704 CMO Fee - MSA-4 | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | 34,028 | 37,647 | 37,647 | - | 15,154 |
| 8705 CMO Fee - MSA-5 | - | - | 118,824 | 39,608 | - | 70,707 | 38,190 | 267,328 | 475,295 | 475,295 | 475,295 | - | 207,967 |
| 8706 CMO Fee - MSA-6 | - | - | 9,412 | 3,137 | - | 6,731 | 3,213 | 22,493 | 34,028 | 37,648 | 37,648 | - | 15,155 |
| 8707 CMO Fee - MSA-7 | - | - | 107,566 | 35,855 | - | 76,921 | 36,724 | 257,066 | 388,887 | 430,263 | 430,263 | - | 173,197 |
| 8708 CMO Fee - MSA-8 | - | - | - | - | - | - | 367,237 | 367,237 | 777,775 | 860,525 | 860,525 | - | 493,289 |
| 8709 CMO Fee - MSA-SA | - | - | - | - | - | - | 332,808 | 332,808 | 573,775 | 860,526 | 860,526 | - | 527,718 |
| 8712 CMO Fee - MSA-SD | - | - | - | - | - | 72,416 | - | 72,416 | 185,456 | 173,800 | 173,800 | - | 101,384 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | Year To Date | | | | | | | Annual Budget | | | | | |
|--|---------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| MSA MERF | | | | | | | | | | | | | | |
| 8699 | Other Revenue | - | - | - | 3,000 | - | - | - | 3,000 | - | - | - | - | (3,000) |
| 8980 | Misc Revenue (Suspense 2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8999 | Misc Revenue (Suspense) | - | - | 15,806 | (5,851) | - | (9,995) | 40 | - | - | - | - | - | - |
| SUBTOTAL - Local Revenue | | - | - | 476,150 | 150,598 | - | 1,077,029 | 854,872 | 2,558,648 | 4,729,652 | 5,391,463 | 5,391,463 | - | 2,832,815 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Annual Budget | | | | | |
|--|-----------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------------------|-------------------------------------|--------------------------------|--------------------------------------|--------------------------------|------------------|
| Year To Date | | | | | | | | | Annual Budget | | | | | |
| MSA MERF | | | | | | | | | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim | |
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | | | | | | |
| Fundraising & Grants | | | | | | | | | | | | | | |
| 8802 | Donations - Private | - | 799 | - | 135 | 7 | 5,142 | 900 | 6,984 | - | - | - | - | (6,984) |
| 8803 | Fundraising | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL - Fundraising & Grants | | - | 799 | - | 135 | 7 | 5,142 | 900 | 6,984 | - | - | - | - | (6,984) |
| TOTAL REVENUE | | - | 799 | 476,150 | 150,733 | 7 | 1,082,170 | 855,772 | 2,565,632 | 4,729,652 | 5,391,463 | 5,391,463 | - | 2,825,831 |
| EXPENSES | | | | | | | | | | | | | | |
| Certificated Salaries | | | | | | | | | | | | | | |
| 1100 | TeacherSalaries | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1300 | Cert Adminis | 25,528 | 51,055 | 53,618 | 53,543 | 53,918 | 53,735 | 89,125 | 380,523 | 752,584 | 835,824 | 794,204 | (41,620) | 455,301 |
| SUBTOTAL - Certificated Salaries | | 25,528 | 51,055 | 53,618 | 53,543 | 53,918 | 53,735 | 89,125 | 380,523 | 752,584 | 835,824 | 794,204 | (41,620) | 455,301 |
| Classified Salaries | | | | | | | | | | | | | | |
| 2100 | Instructional Aides | - | - | 3,750 | 7,500 | 7,500 | (22,458) | 12,373 | 8,665 | - | - | - | - | (8,665) |
| 2200 | Classified Support | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2300 | Classified Admin | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2400 | Clerical & Tech | 57,936 | 138,422 | 99,893 | 134,628 | 122,100 | 111,225 | 202,564 | 866,768 | 1,225,519 | 1,298,021 | 1,225,360 | (72,661) | 431,253 |
| 2900 | OtherClassStaff | 23,557 | 47,114 | 47,114 | 47,881 | 48,168 | 48,273 | 80,650 | 342,758 | 565,368 | 584,356 | 574,868 | (9,488) | 241,598 |
| SUBTOTAL - Classified Salaries | | 81,493 | 185,536 | 150,757 | 190,008 | 177,768 | 137,041 | 295,587 | 1,218,190 | 1,790,887 | 1,882,377 | 1,800,228 | (82,149) | 664,186 |
| Employee Benefits | | | | | | | | | | | | | | |
| 3101 | STRS-Certified | 4,111 | 8,221 | 8,647 | 8,647 | 8,647 | 8,020 | 12,991 | 59,285 | 362,858 | 221,920 | 362,858 | 140,938 | 162,635 |
| 3102 | STRS-Classified | 3,715 | 8,426 | 7,925 | 12,407 | 10,166 | 8,982 | 15,401 | 67,020 | - | - | - | - | (67,020) |
| 3201 | PERS-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3202 | PERS-Classified | 2,564 | 3,947 | 1,863 | 1,863 | 3,118 | 3,718 | 5,512 | 22,585 | 51,220 | 40,154 | 51,220 | 11,066 | 17,569 |
| 3301 | OASDI/Med-Cert | 370 | 740 | 777 | 776 | 782 | 779 | 1,170 | 5,395 | 162,236 | 18,851 | 162,235 | 143,384 | 13,456 |
| 3302 | OASDI/Med-Class | 4,801 | 11,329 | 8,104 | 9,393 | 9,023 | 9,141 | 15,012 | 66,802 | 37,941 | 104,830 | 37,942 | (66,888) | 38,028 |
| 3401 | HlthWelfareCert | - | 971 | - | - | (1,957) | (1,893) | - | (2,879) | 300 | - | 300 | 300 | 2,879 |
| 3402 | HlthWelfareCert | 2,252 | 41,458 | 2,136 | 48,716 | 26,850 | 34,050 | 28,085 | 183,548 | 337,286 | 321,324 | 337,284 | 15,960 | 137,776 |
| 3501 | UI-Certificated | - | - | - | - | - | - | 1,372 | 1,372 | - | - | - | - | (1,372) |
| 3502 | UI-Classified | - | 345 | 47 | 623 | 161 | - | 7,203 | 8,379 | - | 2,670 | - | (2,670) | (5,709) |
| 3601 | WorkersCmp-Cert | 6,698 | 2,233 | 2,233 | 2,233 | 21,312 | 2,233 | 2,233 | 39,175 | - | 26,676 | 40,092 | 13,416 | (12,499) |
| 3701 | Other Retirement-Cert | - | - | - | - | - | - | - | - | 112,652 | - | 112,651 | 112,651 | - |
| 3901 | OthBenes-Cert | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3902 | OthBenes-Class | 2,269 | 4,539 | 4,548 | 4,765 | 4,719 | 4,826 | 7,570 | 33,237 | - | 58,797 | - | (58,797) | 25,560 |
| SUBTOTAL - Employee Benefits | | 26,780 | 82,210 | 36,280 | 89,424 | 82,819 | 69,856 | 96,548 | 483,918 | 1,064,493 | 795,222 | 1,104,582 | 309,360 | 311,304 |

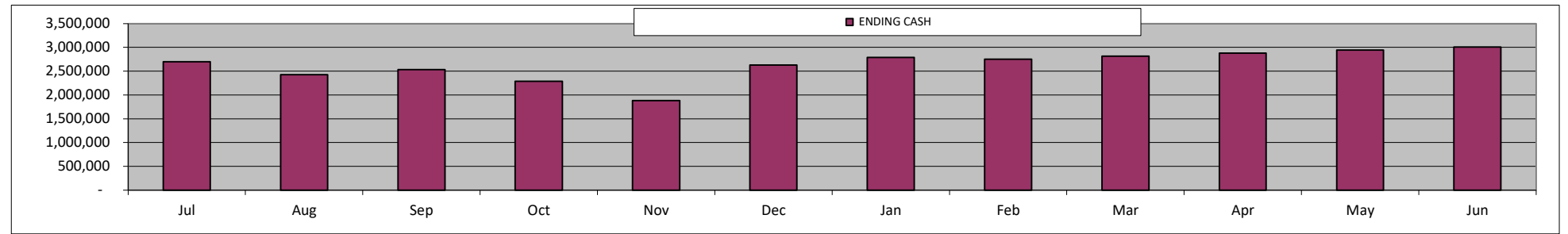
| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | |
|--|-----------------------------|--------|----------|--------|---------|-------|-------|---------|---------------|-----------------|---------------|---------------|--------------|---------------|--------------|---------------|-----------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
| MSA MERF | | | | | | | | | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Actual YTD | Adopted July 1 Budget | Current Board- Adopted Budget | Proposed 2nd Interim Budget | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| Books & Supplies | | | | | | | | | | | | | | | | | | | | | |
| 4100 | Text&CoreCurric | - | - | - | (2,851) | - | - | (2,851) | - | 200 | 200 | - | 3,051 | | | | | | | | |
| 4200 | BooksOthRefMats | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4300 | Ins Mats & Sups 2 | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4310 | Ins Mats & Sups | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4315 | OthrSupplies | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4320 | Office Supplies | 41 | 156 | 41 | 1,086 | 928 | (99) | 248 | 2,400 | - | 14,950 | 14,950 | 12,550 | | | | | | | | |
| 4325 | ProfDevMat&Sups | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4326 | Arts&MusicSupps | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4335 | PE Supplies | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4340 | Educat Software | - | (6) | 177 | 56,208 | - | 1,456 | 890 | 58,725 | 3,840 | 63,990 | 63,990 | 5,265 | | | | | | | | |
| 4345 | NonInstStdntSup | 41,405 | (67,346) | 27,429 | 525 | 25 | 25 | 1,056 | 3,119 | - | 48,705 | 48,705 | 45,586 | | | | | | | | |
| 4346 | TeacherSupplies | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4350 | Cust. Supplies | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4351 | Yearbook | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4390 | Uniforms | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4400 | NonCapEquip-Gen | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4410 | ClssrmFrmEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4430 | OfficeFurnEqp<5k | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4440 | Computers <\$5k | - | - | - | - | 1,778 | - | - | 1,778 | - | 2,500 | 2,500 | 722 | | | | | | | | |
| 4461 | Fixed Asset Susp (Imp) | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4464 | Equipment (Pre-Cap) | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4710 | Food | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | |
| 4720 | Food:Other Food | - | - | - | 14,370 | - | - | - | 14,370 | - | 28,250 | 28,250 | 13,880 | | | | | | | | |
| 4990 | Prior Year Adj (Mat'ls) | - | - | - | 1,395 | 62 | - | 109 | 1,567 | - | 3,000 | 3,000 | 1,433 | | | | | | | | |
| 4999 | Misc Expenditure (Suspense) | - | 1,007 | - | 350 | - | (990) | (20) | 347 | - | - | - | (347) | | | | | | | | |
| SUBTOTAL - Books and Supplies | | | | | | | | | 41,446 | (66,190) | 27,647 | 71,083 | 2,793 | 392 | 2,283 | 79,455 | 3,840 | 161,595 | 161,595 | - | 82,140 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Annual Budget | | | | | |
|--|-------------------------------|----------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|-----------------------|-----------------------------|------------------|--------------------------------|-----------------------------|
| MSA MERF | Year To Date | | | | | | | | Actual YTD | Adopted July 1 Budget | Current Board- | | Current Budget vs. 2nd Interim | Actuals as % of 2nd Interim |
| | Jul Actuals | Aug Actuals | Sep Actuals | Oct Actuals | Nov Actuals | Dec Actuals | Jan Actuals | Adopted Budget | | | Proposed 2nd Interim Budget | | | |
| Services & Other Operating Expenses | | | | | | | | | | | | | | |
| 5101 | CMO Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5205 | Conference Fees | - | - | - | - | - | - | - | - | 19,000 | 19,000 | - | 19,000 | |
| 5210 | MilesParkTolls | - | 188 | 640 | 146 | 469 | 225 | 575 | 2,244 | 12,800 | 43,500 | 42,124 | (1,376) | 41,256 |
| 5215 | TravConferences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5220 | TraLodging | - | 25 | - | - | - | - | - | 25 | - | 16,500 | 16,500 | - | 16,475 |
| 5300 | DuesMemberships | 34,320 | 752 | (144) | 115 | 1,254 | 75 | 2,744 | 39,116 | 43,957 | 43,957 | 43,957 | - | 4,841 |
| 5450 | Other Insurance | 405 | 135 | 135 | 135 | 1,289 | 135 | 135 | 2,369 | 45,500 | 26,800 | 26,800 | - | 24,431 |
| 5500 | OpsHousekeeping | 1,332 | 641 | 641 | 641 | 641 | 641 | 641 | 5,178 | 11,000 | 11,000 | 11,000 | - | 5,822 |
| 5510 | Gas & Electric | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5610 | Rent & Leases | 32,312 | 16,156 | 16,156 | 16,156 | 16,156 | 16,156 | 16,156 | 129,246 | 194,250 | 194,250 | 194,250 | - | 65,004 |
| 5620 | EquipmentLeases | 436 | 286 | 286 | 695 | 571 | 286 | 517 | 3,076 | 2,300 | 7,300 | 7,300 | - | 4,224 |
| 5630 | Reps&MaintBldng | - | - | - | - | - | - | - | - | 500 | 1,000 | 1,000 | - | 1,000 |
| 5800 | ProfessServices | - | 500 | 8,412 | 7,000 | 9,216 | 14,622 | 17,750 | 57,500 | 33,000 | 152,600 | 171,500 | 18,900 | 95,100 |
| 5810 | Legal | - | - | - | - | 8,363 | 7,815 | - | 16,178 | 20,000 | 67,325 | 67,325 | - | 51,148 |
| 5813 | SchPrgAftSchool | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5814 | SchPrgAcadComps | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5819 | SchIProgs-Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5820 | Audit & CPA | - | - | 5,092 | - | - | - | - | 5,092 | 100,000 | 100,000 | 100,000 | - | 94,908 |
| 5825 | DMSBusiness Svcs | 86,011 | - | 86,011 | - | 43,005 | 43,005 | 93,531 | 351,563 | 545,000 | 544,200 | 544,200 | - | 192,637 |
| 5835 | Field Trips | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5836 | FieldTrip Trans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5840 | MarkngStdtRecrt | - | - | - | - | - | - | - | - | 500 | 9,000 | 9,000 | - | 9,000 |
| 5850 | Oversight Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5857 | Payroll Fees | 1,134 | 2,294 | 26 | 1,198 | 1,187 | 1,212 | 1,464 | 8,515 | 12,000 | 12,000 | 12,000 | - | 3,485 |
| 5860 | Service Fees | - | - | - | - | - | - | - | - | 1,000 | 10,000 | 10,000 | - | 10,000 |
| 5861 | Prior Year Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5863 | Prof Developmnt | 25 | - | - | 586 | (2,500) | - | 3,950 | 2,061 | - | 47,200 | 47,200 | - | 45,139 |
| 5864 | Prof Dev-Other | 518 | - | - | - | - | - | - | 518 | 1,100 | 13,500 | 13,500 | - | 12,982 |
| 5865 | Prof Dev - LLM | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5869 | SpEd Ctrct Inst | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5870 | Livescan | - | - | - | - | - | - | - | - | 50 | 200 | 200 | - | 200 |
| 5872 | SPED Fees (incl Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5875 | Staff Recruiting | - | 147 | - | 897 | - | - | - | 1,044 | - | 4,000 | 4,000 | - | 2,956 |
| 5884 | Substitutes | - | - | - | - | - | - | (346) | (346) | - | - | - | - | 346 |
| 5890 | Oth Svcs Non-Inst | - | - | - | - | - | - | - | - | - | 7,500 | 7,500 | - | 7,500 |
| 5900 | Communications | - | - | 616 | 365 | 1,302 | 442 | 608 | 3,334 | - | 4,750 | 4,750 | - | 1,416 |
| 5910 | Communications 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5920 | TelecomInternet | 810 | 2,920 | (234) | 818 | - | 1,652 | 929 | 6,895 | 5,100 | 10,300 | 10,300 | - | 3,405 |
| 5930 | PostageDelivery | - | 1,011 | (83) | 442 | 226 | 187 | 325 | 2,108 | 2,750 | 5,500 | 5,500 | - | 3,392 |
| 5940 | Technology | 7,842 | 539 | 10,478 | 16,432 | 3,166 | (11,488) | 16,018 | 42,988 | 66,078 | 101,078 | 102,454 | 1,376 | 58,090 |
| 5990 | Prior Year Adj (Services) | - | - | - | - | - | (617) | - | (617) | - | 1,000 | 1,000 | - | 1,617 |
| SUBTOTAL - Services & Other Operating Exp. | | 165,145 | 25,594 | 128,032 | 45,627 | 84,345 | 74,347 | 154,998 | 678,087 | 1,096,885 | 1,453,460 | 1,472,360 | 18,900 | 775,373 |

| 2020-21 Second Interim Budget Actuals through January 31, 2021) | | | | | | | | | Year To Date | | | | | Annual Budget | | | | | | | | |
|--|---|---|---|---|-----|---|---|-----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------|------------------|----------------|
| MSA MERF | | | | | | | | | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Actual YTD | Adopted July 1 | Current Board- | Proposed 2nd | Current | Actuals as % of | |
| | | | | | | | | | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Budget | Adopted | Interim Budget | Budget vs. 2nd | 2nd Interim | |
| Capital Outlay & Depreciation | | | | | | | | | | | | | | | | | | | | | | |
| 6100 | Site Improvement (Pre-Capitalization) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 6400 | EquipFixed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 6900 | Depreciation | - | - | - | - | - | - | 430 | - | 430 | 515 | 1,000 | 1,000 | - | - | - | - | - | - | - | 570 | |
| SUBTOTAL - Capital Outlay & Depreciation | | | | | | | | | - | - | - | - | - | 430 | - | 430 | 515 | 1,000 | 1,000 | - | - | 570 |
| Other Outflows | | | | | | | | | | | | | | | | | | | | | | |
| 7299 | Other Outgo (not incl. SPED Encroachment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 7310 | Indirect Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 7438 | InterestExpense | - | - | - | 504 | - | - | 506 | - | 1,010 | - | - | - | - | - | - | - | - | - | - | (1,010) | |
| SUBTOTAL - Other Outflows | | | | | | | | | - | - | - | 504 | - | 506 | - | 1,010 | - | - | - | - | - | (1,010) |
| TOTAL EXPENSES | | | | | | | | | 340,392 | 278,205 | 396,334 | 450,190 | 401,644 | 336,306 | 638,542 | 2,841,613 | 4,709,204 | 5,129,478 | 5,333,969 | 204,491 | 2,287,864 | |

Monthly Update - Monthly Cash Flow (Actuals + Projections)

| MERF | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Accruals | TOTAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | |
| BEGINNING CASH | 3,177,616 | 2,701,322 | 2,428,887 | 2,533,545 | 2,286,329 | 1,883,175 | 2,627,523 | 2,788,790 | 2,753,428 | 2,817,299 | 2,881,170 | 2,945,041 | 3,008,912 | |
| Revenue | | | | | | | | | | | | | | |
| LCFF Entitlement | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| LCFF State Deferrals | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other State Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Local Revenues | - | 799 | 476,150 | 150,733 | 7 | 1,082,170 | 855,772 | 554,085 | 554,085 | 554,085 | 554,085 | 554,085 | 55,408 | 5,391,463 |
| Total Revenue | - | 799 | 476,150 | 150,733 | 7 | 1,082,170 | 855,772 | 554,085 | 554,085 | 554,085 | 554,085 | 554,085 | 55,408 | 5,391,463 |
| Expenses | | | | | | | | | | | | | | |
| Certificated Salaries | 25,528 | 51,055 | 53,618 | 53,543 | 53,918 | 53,735 | 89,125 | 81,114 | 81,114 | 81,114 | 81,114 | 81,114 | 8,111 | 794,204 |
| Classified Salaries | 81,493 | 185,536 | 150,757 | 190,008 | 177,768 | 137,041 | 295,587 | 114,125 | 114,125 | 114,125 | 114,125 | 114,125 | 11,412 | 1,800,228 |
| Benefits | 26,780 | 82,210 | 36,280 | 89,424 | 82,819 | 69,856 | 96,548 | 121,699 | 121,699 | 121,699 | 121,699 | 121,699 | 12,170 | 1,104,582 |
| Books and Supplies | 41,446 | (66,190) | 27,647 | 71,083 | 2,793 | 392 | 2,283 | 16,106 | 16,106 | 16,106 | 16,106 | 16,106 | 1,611 | 161,595 |
| Services and Operations | 165,145 | 25,594 | 128,032 | 45,627 | 84,345 | 74,347 | 154,998 | 155,740 | 155,740 | 155,740 | 155,740 | 155,740 | 15,574 | 1,472,360 |
| Depreciation / Cap Outlay | - | - | - | - | - | 430 | - | 112 | 112 | 112 | 112 | 112 | 11 | 1,000 |
| Other Outflows | - | - | - | 504 | - | 506 | - | (198) | (198) | (198) | (198) | (198) | (20) | - |
| Total Expenses | 340,392 | 278,205 | 396,334 | 450,190 | 401,644 | 336,306 | 638,542 | 488,697 | 488,697 | 488,697 | 488,697 | 488,697 | 48,870 | 5,333,969 |
| Other Transactions Affecting Cash | | | | | | | | | | | | | | |
| Revenues - Prior Year Accruals | 22,149 | - | - | 28,766 | - | - | - | - | - | - | - | - | - | 50,915 |
| Accounts Receivable - Current Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets/Accrual Adj | 9,187 | - | 7,912 | (25,355) | - | - | (391,171) | - | - | - | - | - | - | (399,428) |
| Fixed Assets - Depreciation Addback | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fixed Assets - Acquisitions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due To (From) | - | - | - | - | (1,516) | (1,516) | (1,516) | (1,516) | (1,516) | (1,516) | (1,516) | (1,516) | (1,516) | (12,130) |
| Expenses - Prior Year Accruals | (167,238) | 4,971 | 16,930 | 48,830 | - | - | - | - | - | - | - | - | - | (96,507) |
| Accounts Payable - Current Year | - | - | - | - | - | - | 336,724 | (99,233) | - | - | - | - | - | 237,491 |
| Summer Holdback for Teachers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Current) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans Payable (Long Term) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Transactions | (135,903) | 4,971 | 24,842 | 52,241 | (1,516) | (1,516) | (55,963) | (100,749) | (1,516) | (1,516) | (1,516) | (1,516) | | (219,659) |
| Total Change in Cash | (476,294) | (272,435) | 104,658 | (247,216) | (403,154) | 744,348 | 161,267 | (35,362) | 63,871 | 63,871 | 63,871 | 63,871 | | (162,165) |
| ENDING CASH | 2,701,322 | 2,428,887 | 2,533,545 | 2,286,329 | 1,883,175 | 2,627,523 | 2,788,790 | 2,753,428 | 2,817,299 | 2,881,170 | 2,945,041 | 3,008,912 | | <<< = 206 days cash |





QUESTIONS & COMMENTS



Cover Sheet

2020-21 Magnolia Public Schools Hybrid Reopening Plans

| | |
|--------------------------|---|
| Section: | II. Action Items |
| Item: | F. 2020-21 Magnolia Public Schools Hybrid Reopening Plans |
| Purpose: | Vote |
| Submitted by: | |
| Related Material: | 2020-21 MPS Hybrid Reopening Plans.pdf |



| | |
|-----------------------------|---|
| Board Agenda Item #: | II F: Action Item |
| Date: | March 11, 2021 |
| To: | Magnolia Public Schools – Board of Directors |
| From: | Alfredo Rubalcava, CEO and Superintendent |
| Staff Lead: | Erdinc Acar, Chief Academic Officer |
| RE: | Magnolia Public Schools In-person Reopening Plans |

Recommendation

Staff is recommending the full board to approve Magnolia Public Schools’ in-person reopening plans for all schools in compliance with health and safety orders, community expectations and corresponding law and regulations.

Introduction

In compliance with health and safety orders, community expectations and corresponding law and regulations, MPS has been preparing to open its campuses for in-person instruction.

MPS has Reopening Task Forces that has been meeting since May 2020 with a goal of reopening our school campuses for the continuity of high quality of education with the safety and protection of all in mind with the guiding principles of equity and access for all, inclusive process with voices and choices and commitment to MPS values of innovation, connections and excellence. The Task force has been working on the Reopening Plans based on the frameworks and guidelines from multiple agencies including CDPH, CDE, LACOE, OCDE, SDCOE and related county health departments, keeping up with research based on best practices, national and international experiences and engaging all stakeholders in the process by collecting the relevant information and data for an informed and sound decision.

Background

On March 5, 2021, Governor Newsom signed AB 86 providing \$2 billion for safe in-person instruction support and \$4.6 billion for expanded academic, mental health and social-emotional support. It provides \$2 billion as an incentive for schools that have not already done so to offer in-person instruction beginning April 1, starting with the earliest grades. The legislation also allocates \$4.6 billion for all school districts regardless of whether they meet the timetable in the “Safe Schools for All” plan. To get the extra funding, districts and charters are expected to provide in-person instruction to a range of students with special needs — such as those in special education or others in “prioritized groups,” such as English learners, homeless students or those in foster care, and even “disengaged” students.

Approved by Governor on June 29, 2020, Senate Bill 98 also regulates Distance Learning and requires compliance with daily live instructions and instructional minutes, connectivity and devices, grade level content, academic supports, special Education, ELD instruction/assessment, daily live interaction with certificated employees and peers. If daily live interaction is not feasible as part of regular instruction, the governing board or body of the local education agency shall develop, with parent and stakeholder input, an alternative plan for frequent live interaction that provides a comparable level of service and school connectedness.

Based on the guidance and orders, on July 23, 2020, MPS Board approved schools to start virtually with full Distance Learning models for MSAs 1-8 on August 18, 2020, for MSA-Santa Ana on August 10, 2020 and for MSA-San Diego on August 31, 2020. The schools have been providing Distance Learning per January 14, 2021 updated CDPH's COVID-19 and Reopening In-Person Learning Framework for K-12 Schools in California.

In October 2020 when MPS sites reconvened for in person small groups of instruction, the MPS Home Office began to implement wellness checks and surveillance testing as indicated in the board approved health & safety policy and IIPP (Injury and Illness Prevention Plan) addendum for COVID-19. The Health and Safety Team has actively supported schools in preparing their facilities for a safe reopening through site visits over the summer, COVID-19 case follow ups and tracking, town hall meetings with all stakeholders and having weekly meetings with the school site administrators for ongoing support and training. Furthermore, MPS streamlined communication to all employees for COVID-19 vaccination.

Attached plans lay out specific reopening plans and protocols for Magnolia Public Schools in the areas of Curriculum and Instruction, Health and Safety, Operations, Social Emotional Support and Family and Community Engagement.

Magnolia schools reopening timeline:

- May 5, 2020 - ongoing: Org-wide Reopening Task Force Meetings
- June 4-18, 2020: Reopening Town Hall Meetings for parents
- June 18-28, 2020: Parent, Student and Staff Surveys (Proposed Options)
- June 23-24, 2020: Leadership Retreat
- July 9, 2020: Board Meeting: Reopening Decisions and Plan of Action - Presentation of the preliminary plans
- Board approval of the reopening of MPS (July 23, 2020)
- Final Board approval of the reopening plans with policy and protocol updates (August 6, 2020)
- Schools reopened for instruction. MSAs 1-8 – August 18, 2020, MSA-Santa Ana – August 17, 2020, MSA-San Diego – August 31, 2020
- Schools plan to reopen in-person instruction starting mid-April 2021.

Budget Impact

Schools that open will be receiving additional funding per SB 86. \$6.6 billion in state funding – \$2 billion in incentives to expedite the return to school and \$4.6 billion to address Covid’s impact on learning – will be apportioned, mainly via the Local Control Funding Formula.

Attachments

1. MPS Reopening Plans with presentation
2. MPS COVID-19 Health & Safety Policy
3. Injury Illness Prevention Plan(IIPP) COVID-19 Addendum / CALOSHA Emergency Standards



REOPENING OF MPS SCHOOL CAMPUSES

2020-2021 School Year

TABLE OF CONTENTS

INTRODUCTION

| | |
|--|-----------|
| INTRODUCTION | 3 |
| GUIDELINES | 4 |
| RESOURCES | 4 |
| INSTRUCTION | 5 |
| Considerations..... | 5 |
| Recommendations and Decisions..... | 7 |
| Next Steps..... | 8 |
| Distance Learning Version 2.0..... | 8 |
| Mitigation of Learning Loss - MTSS/Tiered Interventions/Support..... | 9 |
| MPS Wide Digital Programs..... | 9 |
| HEALTH AND SAFETY | 10 |
| Considerations..... | 10 |
| Recommendations and Next Steps..... | 11 |
| Next Steps..... | 15 |
| OPERATIONS | 16 |
| Considerations..... | 16 |
| Recommendations and Next Steps..... | 19 |
| Next Steps..... | 20 |
| SOCIAL AND EMOTIONAL SUPPORT | 23 |
| Considerations..... | 23 |
| Recommendations and Next Steps..... | 24 |
| Next Steps..... | 25 |
| Resources..... | 25 |
| FAMILY AND COMMUNITY ENGAGEMENT | 26 |
| Considerations..... | 26 |
| Recommendations and Next Steps..... | 26 |
| Next Steps..... | 27 |
| Resources..... | 27 |

MPS has a school Reopening Task Force that has been meeting since May 5th with a goal of reopening our school campuses for the continuity of high quality of education with the safety and protection of all in mind with the guiding principles of equity and access for all, inclusive process with voices and choices and commitment to MPS values of innovation, connections and excellence.

Current Task Force members are comprised of the home office staff, school site admins, teachers, and board members. The Task force has been working on the Reopening Plans based on the frameworks and guidelines from multiple agencies including CDE, LACOE, OCDE, SDCOE and related county health departments, keeping up with research based on best practices, national and international experiences and engaging all stakeholders in the process by collecting the relevant information and data for an informed and sound decision.

This document is aimed to present the board and our communities with our considerations and plans for reopening of our schools.

GOAL: Reopen school campuses for the continuity of high quality of education with the safety and protection of all in mind as soon as possible.

OUTCOME/DELIVERABLES

- Guide the process of reopening activities
- Recommend solutions for challenges
- Develop a plan and protocols
- Create to-do lists and checklists

GUIDING PRINCIPALS

- Equity and access for all
- An inclusive process with voices and choices
- Commitment to MPS values of Innovation, Connections, Excellence

APPROACH

Create a task force to guide the reopening process with a plan of action. Consistent with the local health education agencies in LA, SD and OC, CA Governor's directions, CDE recommendations, and authorizer feedback. Create a timeline of tasks that can be shifted when necessary.

GUIDELINES

1. [California's Roadmap to Modify the Stay-at-Home Order](#) 6 indicators for reopening
2. [Federal Guidelines for Opening Up America Again](#)
3. [CDC reopening and cleaning guide](#)
4. LA County Health Dept recommendations [ROADMAP TO RECOVERY - A Phased Approach to Reopening Safely](#)
5. [CA Guides for business reopening](#) - May 12, 2020
6. [CA State Reopening Resilience Map](#) - May 18, 2020
7. [CDC Schools reopening decision tool](#) - May 12, 2020
8. [AEI A Blueprint for Back to School](#) - May 12, 2020 - General recommendations
9. [Guidance for Schools from World Health Organization](#) - May 14, 2020 - General recommendations
10. [McKinsey COVID-19 Reconsiderations for Reopening Schools Webinar](#) - May 14, 2020 - Comprehensive guides with best practices from different countries
11. On May 19, 2020, the U.S. Centers for Disease Control and Prevention (CDC) released updated [guidelines](#) for reopening and resuming schools and child care facilities during the coronavirus pandemic.
12. [LACOE Reopening Framework](#) - May 27, 2020
13. NEW! [CDPH COVID-19 INDUSTRY GUIDANCE: Schools and School- Based Programs](#) - June 5, 2020 updated July 17, 2020
14. NEW! [CDE Reopening Guideline Stronger Together](#) - June 8, 2020
15. SDCOE Guide
16. OCDE Guide

RESOURCES

1. LACOE COVID-19 RESOURCES [Parents/Families](#) | [Educators](#) | [Administrators](#)
2. National Center for School Crisis and Bereavement - [COVID-19 Pandemic Resources](#)
3. [National Child Traumatic Stress Network](#)
4. NWEA - [The COVID-19 slide: What summer learning loss can tell us about the potential impact of school closures on student academic achievement](#)
5. [CDPH Guidance for K-12 Schools in California Jan 14/2021 update](#)
6. [CA Safe Schools for All Readiness Hub](#)
7. [CCEE Guidebook for Reopening](#)

INSTRUCTION

CONSIDERATIONS

The Instruction workgroup consisted of 19 original members and had multiple considerations to keep in mind as in our discussions about reopening planning. At the forefront of all recommendations is the **safety** of all stakeholders, as well as, ensuring we are providing a **high-quality, equitable education for all students**. We began our work by analyzing the instruction section of the Los Angeles County Office of Education Planning Framework for the 2020/2021 School Year. This framework gave us best practices, resources and planning implications to consider as we develop the MPS reopening plans. After reviewing the framework and determining which elements apply to our program, we gathered further **information from our stakeholders, via surveys and town hall meetings**. This was a vital component in order to make the best recommendations possible. In addition, we ensured we remained apprised of all state, county, and local orders and guidance. We researched promising practices from other countries and states that have already reopened schools to learn more about the practices that have led to successful reopenings and what did not work. We also needed to consider collaboration time for departments/grade levels to review and plan curriculum once the **"essential standards"** are released to teachers. Teachers will need to **identify key stories, math lessons, grammar units, social studies units, and science concepts** to maximize instructional time. Everything taught needs to be intentional, specific and planned out. Below is a summary of the topics we covered and a brief description of options considered for each topic.

Delivery of Instruction: During these conversations, we addressed and discussed all reopening options from a traditional school day (5 days a week in person) to full distance learning. In looking at the data and research, it became clear that we could not safely reopen schools using a traditional model. We do not have the space on our campuses to house all students five days a week and ensure proper social distancing guidelines. After listening to feedback in the town hall meetings and reviewing the stakeholder survey results, it was evident we needed to provide options to our families. Due to health concerns for students or family members, about 20% of families need a **distance-learning option**. Therefore, we determined it was important to provide that option to families in addition to a hybrid model that would allow for some in-person instruction, as distance learning will not work for 100% of our students. We considered several hybrid options; a split day model, a two-cohort model, a five-cohort model, and a staggered schedule model. After looking at feasibility of some options and impact on student learning, we determined that **a two-cohort model would best support** our students' learning and provide the safest option for in-person instruction.

Individual School Flexibility: In creating recommendations, we had to consider that our schools are vastly different based on geographical location. With this in mind, we discussed if it would be in the best interest of our schools and students to allow some flexibility in scheduling options so that our schools can base reopening plans on local contexts. In our discussions, the importance of having some consistency in reopening plans was stressed by numerous taskforce members as we are all Magnolia Public Schools.

Grading Policy: One area of concern and deliberation was the grading of student work. Due to the pandemic and emergency switch to remote learning in the Spring, in accordance with CDE guidelines, MPS adopted a no-harm grading policy for students. With this policy, there were instances of students not fully engaging or completing work. This led to concerns that students were not able to participate in a high-quality educational program. In our discussions, we looked at various grading models such as the no-harm grading system, mastery-based grading, and our MPS-adopted grading policy. Pros and cons of each grading system were considered and multiple points of view were heard and examined.

Teacher Teaching Assignments: In consideration of teacher workload and ensuring the delivery of high-quality instruction, the taskforce considered what teachers' teaching assignments should consist of since we would not be in a traditional instructional delivery model. We considered whether the same teacher should teach in both the hybrid model of instruction and the distance learning model, or if we should separate teaching assignments and have in-person teachers and distance, learning teachers. Pros and cons of each model were discussed as well were staffing and budget constraints. The idea of organization-wide distance learning teachers was even explored in determining creative solutions to constraints.

Assessments: Learning loss and identifying unfinished learning is a crucial element to planning and delivering high-quality instruction. As such, the task force reviewed our current assessment cycle and researched how we could conduct assessments in a remote learning environment if need be. We determined that both our NWEA Measures of Academic Progress Assessments (MAP) and Smarter Balanced Interim Assessments (SBAC) can be administered in both in-person and remote learning environments in a secure manner. With this information, we revisited our assessment cycle and discussed how we could best use our existing resources to identify learning needs and support student learning.

Attendance: Based on Senate Bill 98 requirements, daily attendance will be taken and it will be based on synchronous and asynchronous learning. MPS will ensure that a weekly engagement record is completed through our student information system for each pupil documenting synchronous or asynchronous instruction for each whole or partial day of distance learning, verifying daily participation and tracking assignments. Each school will document daily participation for each pupil on each school day in whole or in part, for which distance learning is provided. A pupil who does not participate daily in either in-person instruction or distance learning shall be deemed absent. SB 98 requires that instructional time for distance learning is based upon the time value of assignments as determined and certified to, by an employee of the LEA who possesses a valid certification. Schools will have documentation of the minimum required instructional minutes for each day and bell schedules will reflect that.

Daily participation includes but is not limited to, evidence of participation in online activities, completion of regular assignments, completion of assessments, and contacts between employees of the School and pupils or parents/guardians. Evidence of any one of these in the tracked assignments is "daily participation".

The minimum school day for K is 180 minutes; for grades 1-3 it is 230; for grades 4-12 it is 240 unless the students are in grades 11-12 and taking UC, or CSU classes for credit or any student taking a community college course for credit in which case it is 180. If the student is ONLY doing distance learning, the total time value of the assignments will meet or exceed the minimum requirements listed here. If the student is engaging in in-person instruction, the minimum amount of time in distance learning is determined by the total minimum school day (listed above by grade level) reduced by the time scheduled under the immediate physical supervision and control of a credentialed employee.

If a student misses 3 school days or 60% of the instructional days in a school week which would trigger required tiered reengagement strategies per distance learning and attendance policy/procedure.

Student Rotations: For scheduling purposes, we discussed the idea of secondary students rotating classes or remaining in the same classroom and teachers rotating. We discussed the logistics of each option as well as health and safety concerns with both options. We examined the various elements we need to consider for each option, such as if teachers were to rotate classrooms would need equivalent technology and resources, supplies to allow for teachers

to easily rotate between classrooms, disinfecting between class periods, how to properly supervise students during teachers' rotations, and teacher's thoughts about the idea of rotating classes. If students were to rotate to different classes, we discussed how passing periods might look, how schedules would need to allow for disinfecting between each group, how do we ensure students abide by social distancing guidelines in open areas, and how supplies would be handled. During this discussion, safety and social distancing guidelines were continuously discussed to make the best recommendation possible.

RECOMMENDATIONS AND DECISIONS

Delivery of Instruction: Based on survey input and feedback from staff, parents, students, and the Re-Opening Task Force, it is our recommendation that schools reopen using a two cohort hybrid model, along with a full distance learning option. We are estimating that 10-20% of families will select full distance learning; the remainder of students will be split into two cohorts. This will effectively lower our class sizes to allow for the recommended distance between students to be maintained during instruction. Cohort A will attend school on Monday and Tuesday for in-person instruction. Cohort B will attend school on Thursday and Friday. Wednesday will be allotted for deep cleaning and sanitization between cohorts, as well as staff meetings, teacher PD and planning time. We also recommend that Wednesdays are utilized to provide additional in-person instructional support to students most in need, such as ELs and students with IEPs. All students will receive high-quality distance learning on the days on which they do not attend school for in-person instruction.

Individual School Flexibility: We recommend that all MPS schools follow the hybrid model (as discussed above) for reopening schools. However, we understand that local contexts, including staffing, student and family needs, and requirements from various authorizers, and well as co-located campuses, will impact schedules differently at each site. Therefore, we recommend that each MPS school be given flexibility in terms of daily schedules and course offerings.

Grading Policy: We recommend that all MPS schools continue to follow the grading policy as has been adopted in the MPS student-parent handbook. Although schools will not be able to reopen in the traditional manner, we are no longer in an emergency situation which requires a do-no-harm policy. Furthermore, as families will have the option to self-select either full distance learning or a hybrid model, we believe that it is in the best interest of our students to return to the accountability of our grading system.

Assessments: We recommend that all MPS schools continue to utilize NWEA MAP testing to regularly assess for both learning loss and recovery. While all MPS schools utilize MAP testing at least twice per year (Fall and Spring), we recommend an additional Winter assessment so that schools have multiple data points with which to monitor students' learning loss and recovery. Furthermore, we recommend that all MPS schools continue to administer the Math and ELA Smarter Balanced Interim Assessments according to the testing schedule organized by the Home Office Academic Team.

Student Rotations: In order to minimize potential virus exposure and maximize social distancing, we recommend that students remain stationary in their classrooms, and (at the secondary level) that teachers rotate between classrooms to provide instruction. Students should be assigned seats in their classrooms and should stay seated as much as possible in order to maintain appropriate social distancing.

NEXT STEPS

Magnolia Public Schools will continue providing students and families with high quality and standards based education programs with new reopening orders, guides and requirements. In compliance with the legislation and regulations, MPS will offer in-person instruction to the greatest extent when it is safe and recommended. As of July 23, 2020, all Magnolia Public Schools will reopen with the **Distance Learning** only model based on the CDPH and Governor's order and MPS Board of Governance actions.

All teachers are expected to provide high quality learning programs using the proposed curricula and strategies by updating the curriculum maps and pacing guides to cover the content and standards necessary to complete the planned course syllabus per CDE guidance.

Rigorous distance learning

Under newly enacted state law, MPS will provide:

- Devices and connectivity so that every child can participate in distance learning.
- Daily live interaction for every child with teachers and other students.
- Class assignments that are challenging and equivalent to in-person instruction.
- Targeted supports and interventions for English learners and special education students.

In-Person Re-Opening Criteria (CDPH)

MPS may reopen for in-person instruction at any time if they are located in a local health jurisdiction (LHJ) that has not been on the county monitoring list within the prior 14 days.

Distance learning includes both virtual and non-virtual means of providing education. We need to be mindful of the fact that not all of our learners will have access to the internet and may not be familiar, comfortable or successful with digital learning. As educators we will continue differentiating the curriculum, instruction and assessment for all of our learners addressing their needs, interests and backgrounds.

Distance Learning Version 2.0

Home office and school teams work in strengthening and improving the Distance Learning plans and programs as this mode of learning will continue being part of our offerings for the 2020-21 School Year. Specifically;

- Adding new instructional programs and effective approaches,
- Addressing and mitigating the learning loss due the Covid-19 closures
- Providing staff with new professional developments on Distance Learning. Continue capacity building for flipped learning/classroom and hybrid and blended learning best practices and tools
- Establishing set class schedules and meeting times
- Improving engagement, attendance and communication means
- Training parents and students
- Improving grading and attendance systems
- Improving assessments and monitoring

Per Ed. Code, § 43503(b), **MPS Distance learning** will include the following minimum components:

- (1) provision of **access for all** pupils to connectivity and devices adequate to participate in the educational program and complete assigned work;

- (2) **content aligned to grade level standards** that is provided at a level of quality and intellectual challenge equivalent to in-person instruction;
- (3) **academic and other supports** designed to address the needs of pupils who are performing below grade level, or need support in other areas;
- (4) **special education, related services**, and any other services required by a pupil's individualized education program;
- (5) **designated and integrated instruction in English language development**; and
- (6) **daily live interaction** with certificated employees and peers for purposes of instruction, progress monitoring, and maintaining school connectedness.

Daily live interaction shall occur as follows:

- MPS Distance Learning Portal
- Google Classroom, Zoom Meeting, Google Hangouts and other live meeting tools
- Email contact
- Phone contact
- Student work submitted in other communicative ways
- Student Square communication tool
- Parent Square communication tool
- In-person as permitted by the public health orders

Mitigation of Learning Loss - MTSS/Tiered Interventions/Support

MPS has been using a multi-tiered systems of support approach and has introduced Universal Design for Learning to meet students' instructional needs. As we look to mitigate learning loss due to COVID-19, MPS will continue to use this multi-tiered approach alongside Universal Design for Learning to ensure equity and access for all students.

All students in tier 1 receive high-quality, standards-aligned instruction, differentiated to meet their needs. Students are assessed on a periodic basis to identify struggling learners who need additional support. These tier 1 supports are usually conducted as just-in-time interventions in response to formative assessment data from grade-level assessments. In addition, when planning instruction, teachers will use the Universal Design for Learning approach to ensure all lessons are accessible to **all students** and embed necessary supports so that **all students** can be successful.

Students needing additional support are provided with tier 2 interventions which provide increasingly intensive instruction to further meet students' needs. Specialized classes, such as Power ELA and Power Math, offer small group instruction in a supportive environment to help students overcome their learning loss. Formative assessments are utilized to identify gaps in learning and teachers adjust instruction accordingly. Extended school day offerings, such as after school enrichment and Saturday programs are also offered to students who need this additional support.

Students still needing additional support receive intensive interventions that target the students' skill deficits for the remediation of existing problems and the prevention of more severe problems. These tier 3 interventions are highly individualized and customized based on the needs of the individual student.

MPS Wide Digital Programs

Clever, **MPS's Single Sign** on for online programs, will be used as a backbone for access to all digital programs. All MPS teachers are expected to use **Google Classroom** to facilitate teaching and learning activities. **MPS's Distance Learning Portal** will be enhanced to allow teachers and students for ease of access and effective communications.

Pedagogy and Practices for Continuity of Learning

- Be present as the instructor for live sessions
- Work as a group with colleagues
- Focus on active, authentic and project-based learning
- Chunk content into smaller pieces
- Give multimedia options for assignments
- Whole group and small group instruction
- Hold "Office Hours"
- Keep up with pacing and maps
- Do effective time management

HEALTH AND SAFETY

CONSIDERATIONS

The Health & Safety workgroup consisted of 7 members and had various aspects to keep in mind. Each school site has special considerations like available space and collocation regulations. For this reason, Principals were looped in to be able to express concern regarding the special circumstances at their site. Because many of the items overlapped, the Health & Safety workgroup also worked closely with the Operations workgroup when making considerations.

The following recommendations are based on the following documents released by the State & Local county agencies:

- [LACOE County Schools: Rising to the Challenge of COVID-19](#)
- [CDE Stronger Together Guidebook for the Safe Reopenings of CA Public Schools](#)
- [CA Dept of Public Health COVID 19 Industry Guidance: Schools & School-based Programs](#)
- [San Diego School District Reopening Plan](#)
- [LA County Department of Public Health Orders as of June 18th 2020](#)
- [LA County K-12 School Reopening Protocol](#)
- [CA Department of Public Health COVID-19 Industry Guidance: Schools and School Based Programs](#)
- MPS Health and Safety Plan for COVID-19 (Provided)
- MPS Illness and Injury Prevention Program (Provided)

The topics of consideration include the following:

- Classroom Safety & Distancing, Social Distancing, & Entering School
- Personal Protective Equipment (PPE), Face Coverings, & Handwashing
- Health Office, Health Office Staffing, Immunization Requirements
- Health Chain of Command, Health Training
- Meals (Distribution)
- School Disinfecting Procedures & Ventilation (Added by MPS)
- Illness at School, Home Isolation, Exposure to COVID-19, COVID-19 Testing
- Students and Staff with Underlying Health Conditions
- Communication, Safety Information
- Child Care

While we may be proceeding with a Distance Learning module at the start of the school year, the following preliminary recommendations are for when students return to campus. These recommendations may be updated to include guidance from legal counsel, updates in federal or local ordinances, and changes in the instructional model.

RECOMMENDATIONS AND DECISIONS

Classroom Safety & Distancing, Social Distancing, & Entering School

1. Survey school site facilities to see how many staff/students can be on site while practicing social distancing
2. Calculate how many students can fit into the classrooms by accommodating the 6ft of distance recommended by the CDE/CDPH
 - H&S Recommendations: Remove all other classroom furniture to make space for more student desks. Split students into 2 cohorts so that there are only 10-16 students per class. If students are sitting closer than 6ft student individual student desk dividers are recommended.
3. Decide whether students or teachers would be traveling class to class
 - H&S Recommendations: Have students stay in 1 classroom for as many classes as possible. Considerations would need to be made for specialty classes like art and computers.
4. Devise a plan to maintain social distancing in the following areas/scenarios:
 - Students entering the school site- See next step
 - Meal Distribution- See "Meal Sub Section"
 - Students & teachers in the classroom- See step 2 for recommendations
 - Passing periods
 - Elementary only - Recess
 - PE classes
 - Common Work Spaces
 - School Site visitors
 - Student dismissal
 - H&S Recommendations: For all scenarios keep physical distancing in mind. Ensure students, staff, and visitors are equipped with the right PPE to prevent the spread of the disease. Remove furniture and direct traffic to discourage people congregating.
5. Devise a streamlined procedure for students to safely enter the school site.
 - H&S Recommendations: Identify main entry and exit points on campus and make other entrances unavailable to all staff and students. Funnel staff, students and visitors through the main entry point to be able to conduct health, mask, & hygiene checks as they enter. Ensure that enough staff members are stationed and entry points to prevent backup.
6. Share social distancing plans and procedures with all stakeholders
 - H&S Recommendations: Send reminders of social distancing protocols & procedures throughout the year in all newsletters.

Personal Protective Equipment (PPE), Face Coverings, and Handwashing

1. Receive PPE being distributed by local counties which could include (numbers reflect total items being distributed by LACOE) :
 - No-touch thermometers for every school and childcare facility totaling more than 47,000;
 - Face shields for every teacher and child care provider, totaling approximately 2.4 million;
 - More than 14 million cloth face coverings for staff and students;
 - More than 16 million disposable masks;

- 123,000 N95 masks for school-based health professionals, including those interacting with symptomatic students; and
 - 143,000 gallons of hand sanitizer.
2. Establish a minimum standard of PPE based on the supplies distributed by local counties
 - H&S Recommendations: School sites to maintain minimum standard of PPE based on the items distributed by the state when buying supplies with the option of upgrading when allowed by budget
 3. Work with the Operations workforce to research PPE and disinfecting supplies options and pricing that will maintain the MPS-wide minimum standards. PPE & disinfecting supplies to include:
 - Cloth Face Coverings
 - Disposable Masks
 - N95 Masks
 - Face Shields
 - Hand washing/Hand Sanitizer Stations
 - Student Desk Dividers
 - Office/ Teacher Desk barriers
 - Curtains/Folding dividers if needed
 - Thermometer
 - Gowns
 - Gloves
 - Signs
 - Disinfecting supplies
 - Hand Sanitizer
 4. Investigate limitations and special considerations for co-located school sites
 5. Using the Operations "Reopening Purchases" Google doc, keep track of PPE or additional supplies purchases made.
 6. Develop an inventory system to keep track of PPE being distributed & have a storage space to keep items bought in Bulk
 - H&S Recommendations: Set up an inventory system at the MPS- level and school site level to keep track of items obtained by the county and bulk purchases made.
 7. Assign specific PPE to certain stakeholders to understand what PPE is distributed to whom. H&S Recommends the following:
 - Students have cloth masks distributed and disposable masks available if needed. Students with Health conditions may be able to use the face shield under certain circumstances.
 - Teachers and regular school staff should have cloth masks distributed and disposable masks available if needed. They will also be given face shields to be able to work with students that may be hard of hearing or have another underlying health condition that requires full facial visibility.
 - Health Professionals and Staff members that may be exposed to symptomatic students should be given N95 masks, gowns, gloves, thermometers, and face shields on top of the cloth and disposable masks available.
 - In house Janitorial staff should be provided PPE needed to be able to handle the disinfectants that they are working with. This may include gowns, face shields, gloves, and goggles on top of the cloth and disposable masks available.
 - Visitors and 3rd party vendors will be required to be masked but will have disposable masks available

8. Develop a PPE MPS-wide policy that is in line with all federal, state, and local county orders.
 - Student policy will be added to the Parent/Student handbook and be sent as an addendum.
 - Staff and 3rd party vendor policy should be developed by legal and the HR department.
9.
 - Visitor policy will be in line with local ordinances
 Develop a hygiene routine for staff and students to follow
 - H&S Recommendations: routine should include frequent handwashing and encouraging proper PPE use and hands to be kept away from face.

Health Office, Health Office Staffing, Immunization Requirements

1. Survey School Sites to see if they currently have a Health Office and Isolation Space
 - H&S Recommendations: Each site should have a dedicated Health Stations for the Health care professional to work out of and an isolation area where symptomatic students or staff can wait to be picked up. The isolation area should be in an area where others do not enter or pass through frequently.
2. Set up health & Isolation Station with proper PPE equipment & first aid supplies
 - *See PPE section for rec
3. Ensure Health Station has proper staffing
 - *See step 1 of Health Chain of command for recommendations
4. Ensure all students have complied with the state's Immunization requirements
 - H&S Recommendations: Immunization requirements have not been waived and there will be no grace period for students not in compliance. Office staff will continue to work with the accountability department to ensure compliance. Once the school year gets rolling and schools are set up with a healthcare professional, re-assign Immunization responsibilities (Compliance, communications, reporting) to the person responsible for the health station/ health care professional if feasible.
5. Develop Isolation Station policy & procedures
 - *See Illness at school for rec.

Health Chain of Command, Health Training

1. H&S Recommendation: Hire a healthcare professional
 - MSA-1-7, SA, & SD will be hiring a CNA through Cross Country Education. The CNA will be on campus for 6 hours a day throughout the week. These sites will also have a School Nurse (RN) available for 4-8 hours a week.
 - MSA-8's site will be sharing a School Nurse (RN) with their collocated sites who will be on campus daily.
2. Identify a school site team to help develop and execute school site safety plans and emergency procedures.
 - H&S Recommendations: Include your Principal, DOS, and healthcare professional in the development of a school safety plan that includes COVID considerations like exposure and outbreak procedures.
3. Train school site administrators on:
 - H&S Recommendations: Have your School Nurse (RN) lead all health related trainings which may include topics like:
 - Identifying COVID signs and Symptoms
 - How to isolate students who are symptomatic
 - How to screen students & visitors entering the school sites
 - Hygiene procedures
 - EpiPen administration
 - First Aid Procedures
4. Promote new policies and procedures to students and parents
 - See Communications Section for additional details and recommendations

Meals (Distribution)

1. Develop a grab & go pick up procedure with food vendors for students during Distance Learning.
2. Survey school sites to see what areas are available to serve lunch when students are on campus for hybrid model
 - H&S Recommendations: Have students eat in an outdoor area while complying with physical distancing. If no outdoor space is available, have students eat in their classroom.
3. Develop a Meal distribution plan with SFA and the meal vendor to accommodate a hybrid instructional model.
4. Research the meal distribution plans available for MSA-5 & 8 (who use LAUSD as their meal vendor) for Distance Learning and Hybrid instructional models.

School Disinfecting Procedures & Ventilation

1. Deep Clean all school sites before reopening to the public
2. Ensure each school site has proper HVAC filters
 - H&S Recommendations: Using filters with a filter rating of at least MERV13
3. Ensure each school site has Janitorial staff
 - H&S Recommendations: Ensure Janitorial Staff is capable of completing new disinfecting procedures. Schools may have a back up cleaning service available in case school site Janitorial staff is out.
4. H&S Rec: Train school site staff on disinfecting procedures
 - All staff should learn what disinfecting wipes/sprays can be used around students and people with health conditions
 - Janitorial staff to receive extra OSHA training on current disinfecting and ventilation guidelines
5. Devise ways to limit contact with frequently touched surfaces
6. Establish a cleaning and disinfecting schedule to avoid under/over use of cleaning products
7. Devise ways to make PE and Recess cleaner
 - H&S Recommendations: Limiting use of playground equipment. Reformat PE classes to be more focused on individual exercises

Illness at School, Home Isolation, Exposure to COVID-19, COVID-19 Testing

1. Follow the MPS Injury and Illness Prevention Program (IIPP) and the MPS Health and Safety Plan for COVID which outlines testing, exposure, and isolation procedures.
2. Create a tracking system for both Students that keeps track of people showing symptoms and how long they've been isolated for
 - H&S Recommendations: Health Professional to keep track of student illness.
3. Conduct wellness checks as students and staff enter the school.
 - H&S Recommendations: Have Healthcare Professional (CNA) lead wellness checks on campus
4. Ensure that staff conducting wellness checks are well equipped with PPE.
 - See PPE sections for recommendations
5. If a student is symptomatic during wellness check, or throughout the day insure the school follows the isolation procedure outlined in MPS Health & Safety Plan and disinfecting procedures outlined in the IIPP plan.

Students and Staff with Underlying Health Conditions

1. Identify students and Staff with underlying Health conditions and each school site and share with your healthcare professional
2. Develop a plan to accommodate those students/staff
3. H&S Recommendations: Nurse, SPED Case manager, HR, and Principal to develop individualized plans for each student with a health condition. The school site Command team, which may include the MPS HR department, School Nurse, and Principal, will make accommodations for staff members as requested.

Communication, Safety Information

1. Work with Family and Community Engagement workgroup to create Magnolia wide messages which will include the following talking points:
 - General safety guidelines for students and parents
 - General Safety guidelines for staff
 - Importance of attendance and when to stay home. Options available to students absent due to isolation.
 - Procedures on how to reenter school/work
2. Work with Family and Community Engagement workgroup, and school Principals, and admin teams to create create Site Specific messages that include the following talking points
 - Check in/ drop off procedures
 - Any collocation special considerations
3. Create org wide generic messaging that would notify staff and students of an outbreak to use if needed throughout the year
4. Continuously provide all stakeholders with updates and reminders of new policies and procedures both at the MPS-wide and school site level.

Child Care

Afterschool programs are different for each school site. Some sites that have an outside vendor have been in contact with their afterschool program to see options are available for next school year. As more information is available we will be populating this item

NEXT STEPS

Next steps would include the Health & Safety team to continue to work with school sites and Operations work force to ensure the following:

1. Classroom Safety & Distancing, Social Distancing, & Entering School
 - Ensure sites have a proper entrance/exit procedure that considers the time it takes to do health screening
 - Classrooms and common workspace areas have been reconfigured at every school site to meet the 6ft physical distancing guidelines.
 - Identify storage for unused materials
2. Personal Protective Equipment (PPE), Face Coverings, & Handwashing
 - Ensure all schools have proper PPE and PPE training before school starts.
3. Health Office, Health Office Staffing, Immunization Requirements
 - Each school site has worked with the health care professionals to develop safety plans and procedures with COVID-19 Considerations.
 - School sites continue to monitor Immunization compliance
4. Health Chain of Command, Health Training
 - The health Chain of command is established
 - The School Nurse (RN) conducts the necessary trainings at the sites
5. Meals (Distribution)
 - Continue to work with Schools in Action and BetterForYouMeals to create a streamlined meal distribution procedure for students on campus and who may be distance learning at each school site.
 - Ensure MSA- 5 & 8 work with their collocated sites to create a meal distribution plan

6. School Disinfecting Procedures & Ventilation (Added by MPS)
 - Work with the operations team to ensure school sites are deep cleaned, HVAC filters are upgraded, and each school site has proper janitorial support.
7. Illness at School, Home Isolation, Exposure to COVID-19, COVID-19 Testing
 - Ensure school sites have an adequate health and Isolation station.
 - Ensure that each school develops site specific exposure and outbreak procedures.
8. Students and Staff with Underlying Health Conditions
 - Identify students with special health conditions at each school site and have the health care professionals along with the school site command team come up with accommodations if needed.
9. Communication, Safety Information
 - Work with The Family and Community Engagement workgroup and school site parent engagement teams to ensure updated information is disseminated to parents in a timely manner.
10. Child Care
 - School sites will reach out to their third party vendor to discuss after school options in the upcoming schools year.
 - School sites that run after school programs in house would need to see if after school care is still feasible and come up with a plan to ensure student and staff safety.

OPERATIONS

CONSIDERATIONS

The operations workgroup included the Human Resources & IT departments, principals, deans, and the home office legal department as the permanent members. Throughout the past 2 months we occasionally had other workgroups such as Health & Safety and Family and Community Engagement workgroups to collaborate and make decisions together. Operations workgroup considered the LA County's guidelines and the subtopics as well as the tenets provided by the county.

Our main focus was to maintain effective and efficient operations by following best practices in the following areas and related subtopics identified by the workgroup members. Some areas or subtopics may be under the control of other workgroups are defined in parentheses.

1. Facilities
 - Outside facilities
 - Campus Physical restrictions / limitations
 - Class sizes
 - Drop off/Pick up
 - Passing periods, recesses, breaks
 - Elementary School sites' concerns
 - Visitors
 - Office space
 - Nurses Office Space/Area for sick students (Health & Safety workgroup leads this)
 - Spacious Room need for student & admin/service provider meetings

2. Budgeting and financial operations (working closely with the Finance department and the CEO for budgeting, revenue follow up and making necessary purchases)
 - Locating the revenues assigned by the state and federal government such as CARES Act & ESSER Funds
 - Meetings with each site admin to go over their 2019-20 and 2020-21 budgets to set aside funds for the safe reopening of our schools
 - Identifying the funds covered by the CARES Acts and ESSER Funds
 - Reconciliations against 2019-20 & 2020-21 budgets
 - Following up with the Accounts Payable of the Finance department for the purchases of all items in order to have a safe reopening
 - Multiple meetings with the principals and Health & Safety workgroups to identify the needs
 - Locating vendors
 - Defining the supplies to be sent by the counties
 - Making the purchases either for each school or via bulk orders
 - Planning for or purchasing the needs emerging with COVID-19
 - Defining the need for nurses for each site
 - Budget arrangements
 - Decision to go with a vendor for nurses
 - > Identifying a vendor
 - Substitute budget arrangements for each site
 - Increased needs for IT peripherals, IT needs are budgeted respectively
 - Data ports for socioeconomically disadvantaged families
 - 1 Chromebook for each staff and student
 - Health & Safety
 - PPE items such as masks, face shields, hand sanitizers etc.
 - Medical supplies such as thermometers,
 - Facility related items such as portable water fountains, shade structures, extra lunch benches, hand sanitizing stations, classroom student desk dividers, sneeze guard and plexy guards for offices etc.
3. Human Resource Services
 - 2020-21 Employee Handbook
 - Telework Policy is added
 - Health Safety and Security Policy is updated due to COVID-19
 - Accident and Incident Reporting is updated due to COVID-19
 - Worker's Compensation
 - Consulted with the service provider on steps when there is COVID-19 exposure
 - Policies/guidelines when the employee is feeling sick
 - The schools were referred to the County Public Health guidelines
 - HR Department will continue to monitor and update according to the most recent guidelines
 - 2020-21 Training
 - Mandatory training
 - The Home Office team has worked on finalizing the complete list for all trainings to be assigned through Safe Schools. This year there will be additional trainings related to COVID-19

3. Communication

- COVID19@magnolia email group generated in order to make sure all MPS home office staff are on the same page for any concern or update coming from school sites.
- The U.S. Department of Labor announced new action regarding how American workers and employers will benefit from the protections and relief offered by the Emergency Paid Sick Leave Act and Emergency Family and Medical Leave Expansion Act, both part of the Families First Coronavirus Response Act (FFCRA).
 - The policy is implemented in MPS HRIS system
 - The implementation and the policy have been shared with all MPS employees

4. Nutrition (This section was handled by the Health & Safety Workgroup, below are operations perspectives only)

- Meal distributions
 - Signages to be prepared in case of a Hybrid or full in person learning
 - 6 ft markers
 - Certain warning signs to make sure students are aware of COVID-19 social distancing guidelines.
 - In case of full distance learning, continuation of the free food provision services on the MPS school grounds identified before or on the co-located sites' certain identified sections. Working with the mps Board approved vendors for this.
 - Providing extra handwashing and hand sanitizing stations around lunch and breakfast areas
 - The Health & Safety team is working with our meal vendor,SFA, and school sites to:
 - Discuss our meal delivery and distribution options.
 - Survey school sites to see what areas are available to serve lunch when students are on campus to see if students can eat outdoors as recommended by the Health & Safety team.
 - Acquire additional materials needed for the type of lunch distribution procedure being used that will not be provided by SIA or Better4You meals
 - Develop a grab & go pick up procedure with food vendors for students who are not on campus due to Distance Learning.

5. Transportation (MPS does not provide transportation, however below are operations workgroup suggestions)

- Field Trips & large assemblies not happening until Stage 5
For the students with disabilities, in case the IEP of the student requires transportation the site must accommodate the needs.

6. Technology infrastructure

- Chromebook and Data Ports/Hotspots distribution to each Individual Student or families in need of access to internet
 - Each Chromebook tagged and monitored through AssetWorks, GoGuardian
 - Safety:
 - Goguardian: Monitor usage of chromebook at school and home
 - Creation of Individual Student Emails (allow access to chromebooks)
 - The email accounts are assigned after enrollment.
 - Chromebook sign in
 - It helps for communications
 - Helps for online activities through GoGuardian
 - Helps access to Google Education Suite
 - Managed by IT Managers and Home Office IT Director

- Wireless Access Check for parents through surveys conducted by the Instructions and Family and Community Engagement workgroups
 - Purchasing of new hotspots
 - Contracted with T-Mobile
 - Distribution of hotspots
- Teacher Training for Specific Platforms
 - Teacher trainings are provided:
 - Through the vendor and/or manufacturer (if equipment), developer (software), usage best practices (consultants)
 - The school admin, teacher, or IT personnel who are savvy to provide the training.
- Cleaning & disinfection
 - Special wipes
 - Special disinfectants

7. Other key systems and services

- Before and After school programs: MPS site is the fiscal agent for this grant, which means the school gets the money and decides on how to utilize the funds under the ASES guidelines
 - MPS Currently benefits from 21st Century After School Grants. These are
 - ASES Grants for K-8: MSA 1, MSA 3, MSA 5, MSA 7, MSA 8, MSA Santa Ana, MSA San Diego are the MPS sites receiving these funds.
 - MSA 1, MSA 3, MSA 5, MSA 7, MSA San Diego are working with board approved vendors to get after school services. The Board approved vendors are ThinkTogether Inc., arc, YMCA. These vendors are working on plans to provide the after school services online during the distance or hybrid learning era.
 - MSA 8 & MSA Santa Ana do not work with a vendor but run the after school services internally
 - ASSET Grants for High Schools: ThinkTogether, Inc is the fiscal agent for these grants, which means the vendor gets the funding for the specific site and plans with the site for provisioning after school programs for that site using these funds.
 - Currently MSA 1, MSA 2, MSA 3, MSA 4 do have the ASSET After School Programs with ThinkTogether, Inc. ThinkTogether, Inc., already working on the plans for each site to provide after school services during the pandemic.

RECOMMENDATIONS AND DECISIONS

The operations workgroup collaborated with the Health and Safety, and started purchasing the items suggested by the Health and Safety workgroup along with the principals and home office staff. Below is the summary of all purchased items as of 7/28/2020 for all MPS sites:

1. **2019/20 & 2020-21 Funds Used for all these purchases, eligible purchases to be reimbursed via CARES Act (ESSER funds, see 4-b below)**
 - Total dollar amount of the purchased items: **\$279,678.04**
 - MERF Ordered \$187,733.19 of this amount as bulk order to be distributed to schools
2. **List of items/services purchased/contracted:**
 - **PPE:** (Hand Sanitizers, Face Shields- Masks (Disposable, KN95, Cloth Face Covering), Gloves
 - **Facility:** Front Office & maintenance Supplies, disinfecting services, towels, wipes, soaps, sneeze guards/barriers
 - **IT Materials:** Hot spots, from T-Mobile, Chromebooks from HP

- **Medical Supplies:** Thermometers, no touch or infrared
- **Nurse Services:**

This expense is not part of the dollar amount mentioned above in section 1-a. Home Office contracted with a third party vendor for having 1 CNA (Certified Nursing Assistant/Health Care professional) for each site under an RN (Registered Nurse), except MSA-Bell (LAUSD PSC School Nurse).

- The costs of these CNAs and RN is budgeted under each site, not reflected above. The total cost for all sites is expected to be around \$522,500 for a school RN for 40 hours per week for MSA 1 thru 7 and 8 hours per week for each of MSA-SA and MSA-San Diego plus 1 CNA on every campus for 6 hours per day every school day.
- MPS admins decided to continue with the contracted CNAs and RNs although it is Distance Learning now until further notice, because we wanted to make sure we have systems in place before the school starts hybrid or in person.

3. Further plans:

- Leasing storage(s) in case we need to store the extra desks at the school sites due to possible hybrid instructional model. This is postponed until we have clear guidelines from the state to go back to Hybrid or in person instruction on site.
- 2-sided or 3-sided student desk and meeting room separators. These are for possible for the hybrid instructional model.
- Contracting -more- companies for continuous deep cleaning & janitorial services and printing posters re:COVID-19

4. Received/Receivables

- LACOE, SDCOE, and OCDE will send 2 months worth of PPE supplies to LA, SD, and OC MPS schools. We are awaiting confirmation from the SDCOE. OCDE already sent PPEs to MSA SA.
- MPS is expected to receive approximately \$ 1.16 million under the CARES act (ESSER) for all MPS sites. The COVID-19 related expenditures will be reconciled against the funds coming from CARES Act.
- We also are expecting Learning Loss Mitigation Funds for our sites as of September 1st, 2020. Funds to be used for COVID-19 related expenses until December 30, 2020 unless Congress extends the deadline.

NEXT STEPS

Below is the list of all items needed for reopening schools, entered by each school site admins. Items may be purchased in bulk orders or per each site. Some items already purchased as shown above, some will be purchased soon. The word "sample" is used in case the principal of the site requested a sample first before ordering. Others saw the samples at the home office, or at an MPS site or in the email message & placed their orders. "PLANNING" in the chart means schools are still researching that item.

| 1 | PLEXI PROTECTIVE BARRIER-CONSUMABLES | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|--------------------------------------|--------|-------|-------|--------|--------|--------|-------|-------|--------|--------|--------|
| | 2 SIDED STUDENT | sample | 200 | 150 | Sample | Sample | Sample | 275 | 25 | sample | Sample | 650 |
| | 3 SIDED STUDENT | sample | 300 | 200 | Sample | Sample | Sample | 55 | 280 | sample | Sample | 835 |

| 2 | BARRIERS-OFFICE & TEACHERS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|---|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | PLEXY BARRIER PROTECTION 1 SIDED (LARGE) | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 3 | 0 | 1 | 16 |
| | PLEXY BARRIER PROTECTION 2 SIDED (OFFICE) | 3 | 6 | 2 | 1 | 0 | 2 | 0 | 4 | 0 | 5 | 23 |
| | PLEXY BARRIER PROTECTION 2 SIDED (TEACHERS) | 0 | 22 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 37 |
| | DEFLECT-O ACRYLIC | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| 3 | CLOTH MASKS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | STYLE 4 REGULAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | STYLE 4 EAR LOOP, ADJUSTABLE | 1,000 | 1,000 | 1,000 | 300 | 650 | 300 | 60 | 1,000 | 1,000 | 80 | 6,390 |
| | STYLE 5 (GOES AROUND THE HEAD) | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 10 |
| | NECK GAITERS ELEM ONLY | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 0 | 600 | 0 | 1,200 |
| | | | | | | | | | | | | 0 |

| 4 | DISPOSABLE MASKS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|------------------|--------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| | | 10,000 | 10,000 | 10,000 | 2,500 | 5,000 | 2,000 | 10,000 | 10,000 | 10,000 | 5,000 | 74,500 |

| 5 | GOWNS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | | 10 | 12 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 102 |

| 6 | GLOVES (1 CASE 1,000 Pairs) | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | XL | 2 | 2 | 2 | 1 | 2 | 1 | 1 | 1 | 2 | 0 | 14 |
| | L | 4 | 5 | 4 | 2 | 3 | 1 | 3 | 2 | 3 | 3 | 30 |
| | M | 4 | 5 | 4 | 2 | 3 | 1 | 2 | 3 | 3 | 7 | 34 |
| | S | 1 | 3 | 4 | 1 | 3 | 1 | 2 | 2 | 5 | 1 | 23 |

| 7 | SIGNS (PLANNING) | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | | | | | | | | | | | | 0 |

| 8 | DISINFECTING SUPPLIES | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|---|--|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | Screen Cleaners | | | | | | | | | | | 0 |
| | disinfectant spray/ fog machine/UV light | | | | | | | | | | | 0 |

| 9 | HANDWASHING/SANITIZING STATIONS (PLANNING) | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
|----|--|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| | Handwashing stations | 1 | | | | | | | | | | 0 |
| 10 | GOGGLES | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | | | 5 | 0 | 0 | 0 | 2 | 5 | 2 | | | 14 |
| 11 | FACE SHIELDS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | REUSABLE | 6 | 40 | 40 | 0 | 0 | 0 | 0 | 55 | 80 | 40 | 261 |
| 12 | NO TOUCH THERMOMETERS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | | 6 | 5 | 5 | 2 | 5 | 2 | 1 | 1 | 0 | 10 | 37 |
| 13 | HAND SANITIZER | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | | 20 | 20 | 20 | 6 | 16 | 0 | 20 | 20 | 20 | 20 | 162 |
| 14 | N95 MASKS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 50 |
| 15 | OUTDOOR FURNITURE (PLANNING) | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | LUNCH TABLES | | 0 | | | | | | | | | 0 |
| | LUNCH BENCHES | | 0 | | | | | | | | | 0 |
| 16 | FACILITY | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | SHADE STRUCTURE | | 0 | | | | | | | | | 0 |
| | STORAGE SHED | 3 | 1 | 3 | | | | | | | | 7 |
| 17 | IT MATERIALS | MSA 1 | MSA 2 | MSA 3 | MSA 4 | MSA 5 | MSA 6 | MSA 7 | MSA 8 | MSA SA | MSA SD | TOTALS |
| | CHROMEBOOKS | 250 | 0 | 200 | 40 | 250 | 120 | 85 | 255 | 0 | 0 | 1,200 |

The Home Office started conducting site visits to further identify needs of the sites in person based on the the new [LACDPH reopening protocols for K-12 schools Health Officer Orders](#). Below is the chart showing the visit dates. As of 7/28 MSA Santa Ana, MSA 1 and MSA 2 first visits completed and next visits will be in a month to complete the COVID-19 readiness checks.

| | 9-10 | 10-11 | 11-12 | 12-1 | 1-2 | 2-3 | 3-4 |
|-----------|--------|--------|--------|-------|-----|-----|-----|
| 7/24/2020 | MSA SA | MSA SA | MSA SA | | | | |
| 7/28/2020 | MSA 1 | MSA 1 | MSA 2 | MSA 2 | | | |
| 7/29/2020 | | | MSA 8 | MSA 8 | | | |
| 7/30/2020 | MSA SD | MSA SD | MSA SD | | | | |
| 7/31/2020 | MSA 3 | MSA 3 | | | | | |
| 8/4/2020 | MSA 7 | MSA 7 | MSA 5 | MSA 5 | | | |
| 8/6/2020 | MSA 4 | MSA 4 | MSA 7 | MSA 7 | | | |

SOCIAL AND EMOTIONAL SUPPORT

1. LACOE COVID-19 RESOURCES [Parents/Families](#) | [Educators](#) | [Administrators](#)
2. National Center for School Crisis and Bereavement - [COVID-19 Pandemic Resources](#)
3. [National Child Traumatic Stress Network](#)
4. CDC, [Learn to prevent ACEs](#)

CONSIDERATIONS

The collective trauma stakeholders have experienced during these unprecedented times requires a lot of reflection and care. The ability to effectively cooperate as a team is due in great part to the natural ability Magnolia Public Schools (MPS) stakeholders bring in meeting the needs of students and putting the children’s care and well being at the forefront of decision making. The transition into the new school year will not be one without its expected and unexpected challenges but it is essential we remember that every person experiences traumatic events differently. Everyone has been impacted by Covid-19 in some way, if not by the virus directly but from the impacted economy, housing and social distancing measures.

As with any tragic or traumatic event it is important to acknowledge each individual’s feelings and emotions that present themselves as a part of the psychological reactions during a disaster. There needs to be an understanding that some people will need more time than others to find their own routine in the “new” normal. Our responsibility as educators and leaders is to help students and employees get back to as best a regulated state that brings comfort and provides for the brain what it needs to be at its optimal learning state and while caring for the needs of the whole person. We acknowledge that the optimal care we expect to provide to our students cannot exist in a silo and fundamental collaboration with staff, school partners and the overall community is foundational to our goal. We understand our staff will need support transitioning as well and MPS has incorporated resources and strategies to help. The parents/caregivers who have taken on the biggest transition and workload during the sudden change in learning environment will also need ongoing support as well and through the ongoing work of the social emotional reopening work group we are prepared to fill the need.

The considerations the workgroup are divided into three stakeholder groups while leveraging Connection, Communication and Care for each group:

Staff

- Re-entry plan for onboarding staff following the transition from traditional in-person teaching and learning to virtual instruction
- Accommodations for underlying health conditions
- Understand the needs of our staff specific to schools sites (i.e. child care, housing, etc.)
- [Psychological First Aid \(PFA\)](#) Training for school leaders and staff
- Trauma informed care and resiliency training
- Mental health and wellness resources and activities for staff
- Each staff member should be informed of their role during distance learning and identify appropriate staff who will help students with specific needs outside of the typical roles i.e. Teachers are not counselors but can listen and then connect students to the school counselor or administrators for additional support with needs

Students

- In addition to the considerations for staff with basic needs for re-entry plan
- Keeping in mind the various experiences students have encountered while away from school sites
- Understanding every students circumstances are different and some may not want to share challenges but will demonstrate some behaviors as a form of communication
- Monitor if basic needs are being met and meet them, remember H.A.L.T- Are you Hungry, Angry, Lonely, Tired?
- Teach and model expectations for students related to distance learning, do not assume students will translate traditional classroom expectations in the virtual setting
- Applying PFA as needed with the model Listen, Protect, Connect, Model and Teach
- Consistent check-ins and leveraging points of contact to create stability

Parents/Caregivers

- In addition to the considerations for staff and student basic needs for re-entry
- Keeping lines of communication clear and open with families to minimize confusion or frustration
- Opportunities to leverage connection with consistent check-ins and leveraging points of contact
- Updating organization chart, families should know roles and responsibilities for staff especially in the virtual setting
- Connection to resources specific to meet the needs of parents/caregivers
- Understanding that housing and financial circumstances may have changed for families and providing the housing survey more than once in the school year

RECOMMENDATIONS AND DECISIONS

The recommendations by the workgroup are to continue to work with staff to develop trauma informed care training and prepare our staff with the knowledge and tools to support as smooth a re-entry plan as possible for the overall learning community.

Work with students closely to teach, model and reinforce virtual learning expectations and supportive environments. Check-in with parents/caregivers to understand the needs they may specifically have and how staff can help.

The team vetted many resources in accordance with various county and local district framework models as well as our own existing resources and reference materials. Below are the recommendations that will guide our next steps.

- Survey Stakeholders to understand and measure Mental Health and Wellness Readiness
- Training for Staff, Parents/Caretakers related to Trauma Informed Care (ACEs) and Promoting Resilience,
- Critical frontline staff reading: The Deepest Well, Dr. Nadine Burke Harris
Teaching Lessons/Curriculum for Students: Cultivate an environment of self-regulation and emotional control, Zones of Regulation curriculum
Create and sustain opportunities promoting a culture of care: Emphasis on Mental Health and Wellness
- activities (School Calendar)
- List of Supportive resources for Staff, Students, and Parents/Caretakers
- Community partnerships for a sustainable network of care
- School Safety Plan revisions, in addition include Illness and Injury Prevention Plan (IIPP)
- Crisis Management Team focus on Mental Health and Wellness (Additional PFA Training)
- Clear referral process for students experiencing a crisis or in need of mental first aid
- Sustainable mentorship and motivation programs for staff and students year round
- Growth mindset lens supporting all students through equitable and inclusive Positive Behavior
- Interventions Supports (PBIS) and restorative practices

NEXT STEPS

The MPS reopening task force subcommittee workgroup will continue to finalize tasks in preparation for reopening and launching our stakeholders into a successful school year.

The workgroup has prioritized:

1. Completing mental health and well-being readiness survey for all stakeholders, including protocols with an ideal launch window two weeks prior to school orientation dates for every grade level
2. Creating one pagers of support for stakeholders where they can access local resources to help with social emotional support.
3. House the vetted and critical resources for all stakeholders on an online easy to access format such as the [Additional Resources Padlet](#)
4. Create an implementation plan for curriculum focused on self-regulation and emotional control organization wide, The Zones of Regulation, Leah M. Kuypers
5. Provide professional development for staff focused on trauma informed care and resilience supported by school psychologists and mental health professional at each school site

RESOURCES

The resources the group is compiling can be referenced in the tasklist for the reopening and ongoing operations of social emotional supports linked above and [here](#).

FAMILY AND COMMUNITY ENGAGEMENT

CONSIDERATIONS

The Family and Community Engagement Subcommittee utilized the Los Angeles County Schools: [Rising to the Challenge of COVID-19 A Planning Framework 2020-21](#) School Year Volume One - May 27, 2020, by the Los Angeles County Office of Education as the bases for the considerations, recommendations, and next steps.

1. This document focused on several aspects of the reopening process: a) Engage All Families in Decision-Making, b) Specific and General supports for families, c) Multi-faceted communications methods through different platforms, d) Multi-dimensional messaging, e) Establish and inform families on protocols and procedures, f) incorporating flexibility, g) budget implications, h) supporting families when children are ill/ at home, i) and creating effective communication systems.
2. While reviewing the Rising to the Challenge to the Covid-19 document, we determined which items were: a) being done already, b) what needs to be done, c) and what is the priority level for each task.
3. The items that were prioritized and needed to be done were examined by the re-opening task force Family and Community Engagement Subcommittee and prioritized.

RECOMMENDATIONS AND DECISIONS

The goal of the Family and Community Engagement Subcommittee was to ensure all students, staff, and community members remain involved and supported by following best practices in the areas of:

- Ensuring effective communication systems
- Engaging stakeholders
- Using community partnerships
- Other key systems and supports

Below are recommendations The Family and Community Engagement Subcommittee considered:

Will we have additional town hall meetings for parents?

Recommendation from Subcommittee:

1. Yes, the Family and Community Engagement committee recommends an additional town hall meeting prior to the start of the 2020-21 academic school year to present the Magnolia Public Schools board approved reopening plan.

Can we enable the "interpretations" feature on Zoom for future family stakeholder meetings (ie. townhalls)?

Recommendation from Subcommittee:

1. Yes. The Family and Community Engagement Committee is working directly with the MPS IT Department to enable this feature for future meetings.
2. It allows for other "interpreters" to translate in live time as the host is presenting.

Will we require ALL parents to respond to reopening surveys?

Recommendation from Subcommittee:

1. There is no requirement, however, we do highly encourage participation since parent input helps to guide decision making.

Who are the designees for Family and Community Engagement at each MSA?

Recommendation from Subcommittee:

1. Lead: Office Manager
2. Co-lead: Parent and Community Engagement Coordinator/Dean of Culture if applicable
3. Alternates: School administrator/s

Third-party visitor policy recommendations

Recommendation from Subcommittee:

1. Create an essential third-party vendors list for approved access. Those without approved access will not be allowed entry.
2. By appointment only and or a pre-approved time slot

Distancing: Non-classroom Spaces

Recommendation from Subcommittee:

1. An MPS wide policy limiting parent access to school grounds including classrooms.
2. An outdoor tent is set up for admin access to parents.
3. An appointment system for all visitors, including parents, no walk-ins.
4. Prohibited items brought in to school during operating hours, including lunch and homework.
5. A policy in regard to donations and wish list items.
 - School to have labeled boxes/tables for all donation items.
6. Postpone shadowing services.
7. Mandatory meetings such as IEP, ELAC, 504, SST, to be held virtually.

Distancing: Arrival and Departure

Recommendation from Subcommittee:

1. Staggered arrival and pick up times (Use MSA-Santa Ana schedule as reference)
2. Drop-off and Pick-up: From car door to classroom door policy.
3. Parents not to exit cars during pick up and drop off. Including siblings
4. No restroom usage during drop-off and pick-up.
5. Designated waiting areas with physical distancing for walk-in parents.

NEXT STEPS

MSA and Home Office ACTION STEPS, along with staffing and financial implications, and timelines have been established by the Family & Community Engagement Subcommittee. The Family and Community Engagement Subcommittee recommends the following next steps for all Magnolia Science Academies.

The Family and Community Engagement Subcommittee has put forward the following areas of consideration to focus on:

Engage families in decision-making

- Stakeholder Surveys - Encourage participation
- School website Updates (COVID-19 Info & Resource Center, News and Announcements, and Alerts)
- Developing incentives to keep the community engaged and to improve participation.

Multi-faceted communication methods through different platforms

- Using virtual platforms as a way of communicating via ParentSquare, having Virtual Coffee with the Principal, Virtual Town Hall, and Virtual Parent Task Force Meetings...etc.

- Using a social media toolkit to reach as many of our stakeholders
- Making sure that our stakeholders are given up-to-date information regarding the re-opening of the schools and any other pertinent information regarding COVID-19.

Multi-dimensional messaging

- Allows for all stakeholders to be informed and engaged.
- Know face with name/title.
- Using all communication tools and follow up if there is anybody left behind during any Virtual meetings (a. Parent square with confirmation b.fliers/emails c.emails and websites [Alerts, News, and announcements])
- Grade Level Meetings
- Using nonverbal message tools in the school environment to instruct/ provide directions to staff, students, and parents with posters, infographics, banners signages for messaging purposes., Computer teachers can create posters regarding Health and Safety. Every grade level can support. Art teachers can create creative & dynamic posters on social-emotional supports.

Establish and inform families on protocols and procedures

- The home office to review MPS policies such as Volunteer and Shadowing policy, and MPS Student/Parent handbook (discipline policies, aligning with SEL, and procedures for being safe)
- Designate a school site member to post website and ParentSquare
- Maintain a welcoming environment for all families.

Incorporate flexibility

- Schools should check compliance plans regarding before/after school child care programs and planning morning drop off and pick up based on the feedback from surveys and town hall meetings.
- Schools should provide their own:
 - Incorporate a flexibility plan with the support/approval of the Home Office.
 - Notify all families immediately of any positive COVID-19 cases with the approval of the Home Office HOST Team.
 - Maintain communication systems to allow staff and families to self-report symptoms and receive prompt notifications of exposures and closures.
 - Each campus should provide its own flexibility plan depending upon their needs and campus availability.
 - HOST Team to support admin at the school site and/ or to support for clear communication with all Stakeholders informing of the situation

Budget Implications

- Check all budget impacts for any additional cost with Home office and Finance team
- Research local grants and donations and forward to the Development & Communications Department

Support families when children are ill/at home

- Schools to support families.
- Developing training for parents to help become more aware of Social Emotional Learning (SEL), mental health, and distance learning (tips and tricks).

Creating Effective Communication Systems

- Share the reopening plan with parents and staff on ParentSquare.
- Share the one-pager with parents regarding highlights from the meetings.

- The Family & Community Engagement Subcommittee will share A GUIDE TO ADDRESS THE CHALLENGES OF COVID-19 infographic to help families as we near the Fall 2020 reopening.
- By using all communication tools to provide updates such as on-site meetings, ParentSquare with confirmation, fliers, emails, website (alerts, news, and announcements), and follow up if there is anybody left behind.
- Create a physical update outdoor bulletin during drop off and pick up.
- Add all COVID-19 as the leading agenda item on all standing meetings such as Coffee with Admin, SSC, ELAC, PTF.
- It is recommended that the aforementioned protocols be added to MPS Monthly checklist for all MSA Principals.

RESOURCES

Los Angeles County:

- [211 LA County](#) - Resources available to all county residents to assist with health and human services. They can provide information and referrals to food distribution sites/programs, housing, health care and more.
- [Child Care Alliance of Los Angeles](#) - Find child care or get additional information by zip code. The resource and referral agencies in the network have free, personalized referrals to licensed child care providers.
- [Communicate with Families During COVID-19](#) - Researchers outline four strategies to help leadership execute basics to quickly and effectively keep school communities well-informed about the COVID-19 outbreak, resulting policies and current guidelines, as well as equip families with the right information at the right time.
- [My Health LA](#) - No-cost health care program for people who live in Los Angeles County. MHLA is free to individuals and families who do not have and cannot get health insurance.

Orange County:

- [Western Youth Services](#) - Advancing awareness, cultivating success, and strengthening communities through integrated mental health services for children, youth, and families.
- [Help Me Grow](#) - Help Me Grow connects children and their families to developmental services to enhance the development, behavior, and learning of children birth through eight years. Affiliated with the University of California, Irvine.
- [Choc Children's](#) - Committed to providing the highest quality medical care to children. Affiliated with the University of California, Irvine.

San Diego County:

- [First 5 San Diego](#) - First 5 San Diego's Healthy Development Services (HDS) provides no-cost developmental checkups for children from birth through 5 years of age and connects children and families to needed services. First 5 San Diego works with some of the best community agencies in San Diego County to ensure parents and other caregivers have the help they need to promote their children's developmental and behavioral health.
- [211 San Diego](#) - What is 211? As a local non-profit operating 24 hours a day, 365 days each year, 211 San Diego is the region's trusted source for access to the community, health, social, and disaster services. By simply dialing 211 the call is free, confidential, and available in more than 200 languages. 211 provides access to 6,000+ services, resources, and programs through our online database.
- [SDCOE Resources for Students & Parent](#)



MPS Hybrid Reopening Plans



March 11, 2021

MPS BOARD
MEETING

Introduction

- In compliance with health and safety orders, community expectations and corresponding law and regulations, **MPS has been preparing to open its campuses for in-person instruction.**
- MPS has **Reopening Task Forces** that has been meeting since May 2020 with a goal of reopening our school campuses for the continuity of high quality of education with the safety and protection of all in mind with the guiding principles of equity and access for all, inclusive process with voices and choices and commitment to MPS values of innovation, connections and excellence.
- The Task force has been working on the **Reopening Plans** based on the frameworks and guidelines from multiple agencies including **CDPH, LACOE, OCDE, SDCOE** and related county health departments, keeping up with research based on best practices, national and international experiences and engaging all stakeholders in the process by collecting the relevant information and data for an informed and sound decision.

Background

On March 5, 2021, Governor Newsom signed **AB 86 providing \$2 billion for safe in-person instruction support** and \$4.6 billion for expanded academic, mental health and social-emotional support. It provides \$2 billion as an incentive for schools that have not already done so to offer in-person instruction beginning April 1, starting with the earliest grades. The legislation also allocates \$4.6 billion for all school districts regardless of whether they meet the timetable in the **“Safe Schools for All”** plan. To get the extra funding, districts and charters are expected to provide **in-person instruction to a range of students with special needs — such as those in special education or others in “prioritized groups,”** such as English learners, homeless students or those in foster care, and even **“disengaged”** students.

Approved by Governor on June 29, 2020, **Senate Bill 98** also regulates **Distance Learning** and requires compliance with daily live instructions and instructional minutes, connectivity and devices, grade level content, academic supports, special Education, ELD instruction/assessment, daily live interaction with certificated employees and peers. **If daily live interaction is not feasible as part of regular instruction, the governing board or body of the local education agency shall develop, with parent and stakeholder input, an alternative plan for frequent live interaction that provides a comparable level of service and school connectedness.**

Based on the guidance and orders, on July 23, 2020, MPS Board approved schools to start **virtually with full Distance Learning models** for MSAs 1-8 on August 18, 2020, for MSA-Santa Ana on August 10, 2020 and for MSA-San Diego on August 31, 2020. The schools have been providing **Distance Learning** per the January 14, 2021 updated **CDPH’s COVID-19 and Reopening In-Person Learning Framework for K-12 Schools in California.**

Steps for reopening in-person



- 1- Schools decide on the instructional model - done
- 2- Notice to county and authorizers for re-opening
- 3- Conduct parent/student town hall meetings - ongoing
- 4- Have parents commit with a model for the remainder of the school year by March 19.
- 5- Determine student counts.
- 6- Determine and address staffing needs.
- 7- Update class rosters and student schedules if needed
- 8- Teacher planning times. Modify live session schedules
- 9- Order instructional materials and supplies. Get lists from staff.
- 10- Dry run/planning on school sites
- 11- Final check of plans and issues

Remaining Items for Safe School Return

- Submit COVID Safety Plans for all schools and LACDPH Reopening Protocol for K-12 schools (Appendix T1).
- Continue to partner with our authorizers, county health departments, and other state agencies to ensure that our staff get vaccinated if they choose to do so.
- Survey our parents to reassess interest for student return to on campus learning (commitment form).
- Based on survey results, collaboratively finalize elementary, middle and high school Hybrid and Distance Learning schedules.
- MSA 1-8 Santa Ana and San Diego Town Hall meetings with families to review Hybrid schedules and safety protocols for each school site, amongst other items.
- Continue to analyze and operationalize all elements of AB 86
- Reopen all of our schools for in-person Hybrid learning on April 12, 2021.

Preferred Hybrid Reopening Model

Live Instruction for Students - (2 days in person, 2 days via Zoom)

| Group | Monday & Tuesday | Wednesday | Thursday & Friday |
|--------------------------|------------------|-----------------------------|-------------------|
| Cohort A | In-Person | Asynch/Independent Learning | Online |
| Cohort B | Online | Asynch/Independent Learning | In-Person |
| Distance Learning | Online | Asynch/Independent Learning | Online |

- Cohort A coming to school on Monday and Tuesday. **Cohort B joining online through Zoom**
- Cohort B coming to school on Thursday and Friday. **Cohort A joining online through Zoom**

Wednesdays - Asynchronous / Independent Learning for all, except for live SEL/ Advisory/SSR lessons (also may be small group sessions in person)

Full Distance Learning students joining classes online through Zoom

Hybrid (in-person) or Distance Learning ?

- Once a choice is made, it will remain unchanged until the end of this school year. Students and families will not have options to switch from distance learning to in-person or vice versa unless there are extenuating circumstances.
- Students who chose hybrid model, will take all classes in hybrid format.
- Schools will assign an in-person cohort for those who choose the hybrid format.
- Everyone else will continue receiving Full Distance Learning if a choice is not made by March 19, 2020.

MSA-2 Distance Learning Schedule for Students

| Total Daily Instructional Time = 240 mins | Monday | Tuesday | Wednesday | Thursday | Friday |
|---|--|--|---|--|--|
| 8:00 am - 9:20 am (80 minutes) | Period 1 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Period 4 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Sync Homeroom All Cohorts Via Zoom 8:00 am - 10:00 am | Period 1 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom | Period 4 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom |
| 9:20 am- 9:25 am | BREAK | | | BREAK | |
| 9:25am- 10:45am (80 minutes) | Period 2 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Period 5 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Asynchronous work time 10:00 am - 10:45 am | Period 2 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom | Period 5 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom |
| 10:45 am - 10:50 am | BREAK | | | | |
| 10:50 am- 12:10 pm (80 minutes) | Period 3 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Period 6 Cohort 1 in person Cohort 2 via Zoom Cohort 3 DL via Zoom | Asynchronous work time | Period 3 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom | Period 6 Cohort 2 in person Cohort 1 via Zoom Cohort 3 DL via Zoom |
| 12:10 pm | In person Dismissal | | | In person Dismissal | |
| 12:10 pm - 1:00 pm | LUNCH | | | | |
| 1:00 pm- 1:30 pm | Asynchronous Homeroom | | Asynchronous work time | Asynchronous Homeroom | |
| 1:30pm - 2:30pm | Office Hours / Clubs | Test Prep / Targeted Group Intervention | | Test Prep / Targeted Group Intervention | Office Hours / Clubs |
| 2:30pm - 3:30pm | Tutoring | Tutoring | | Tutoring | Tutoring |

Sample Schedule

HEALTH AND SAFETY PREPAREDNESS

- [MPS COVID-19 Health & Safety Policy](#)
- [Injury Illness Prevention Plan \(IIPP\)](#)
[COVID-19 Addendum /](#)
[CALOSHA Emergency Standards](#)



Protocols and Procedures: COVID-19 Compliance Team



COVID 19 Compliance Team at the Home Office:

- Keeps up to date with the changes in COVID-19 requirements, trends, and updates.
- Provides weekly trainings and updates to the school sites' COVID-19 Compliance team members.
- Consults with the School site Compliance teams and local health authorities regarding cases on campus.
- Consults with legal and health departments to provide clarity when needed
- Coordinate 3rd party vendors with school site teams.



The COVID-19 Compliance Task Force at each school are responsible for ensuring that the school adheres to COVID-19 requirements.

- The COVID-19 Compliance Task Force for each school are led by the **principal**. The principal are the designated liaison with the local County Department of Public Health when needed. The principal may also designate staff to act as the COVID-19 Compliance Officer, as appropriate.
- The rest of the Compliance team is composed of a diverse group of key staff members. The Task Force receives specialized training to assist in their duties and ongoing support from the Home office Compliance team
- The COVID-19 Compliance Task Force is responsible for engaging with students, parents, faculty, and staff to ensure compliance and answer questions or concerns about health and safety requirements regarding COVID-19. In addition, the team communicates up-to-date policies and procedures to all families.

MPS Health & Safety Policy & IIPP Highlights

Wellness Check



SOCIAL DISTANCING

- Wellness checks and temperature screenings
- Physical distancing in Classrooms and campus
- Ventilation upgrades
- PPE supply and compliance
- Identification of COVID-19 Hazards and COVID-19 inspections
- COVID-19 testing for students and staff
- Vaccines for staff



Student Check-in



Parent/Visitor Check-in



Video demo of screening process:

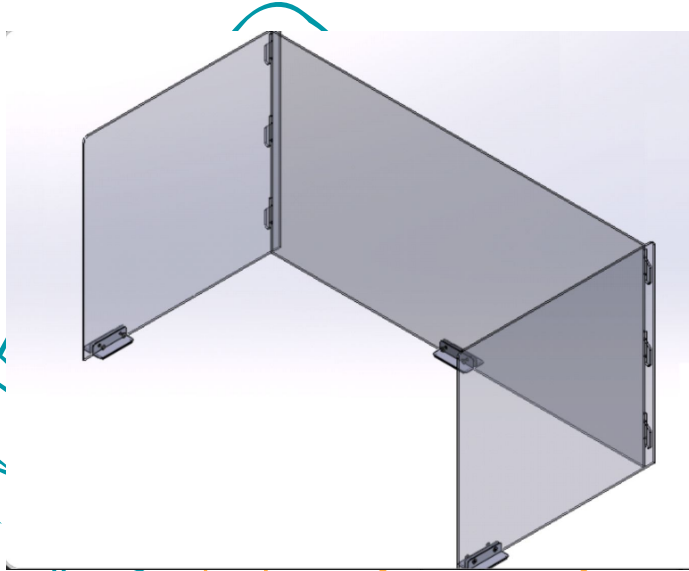


Classroom Set-up

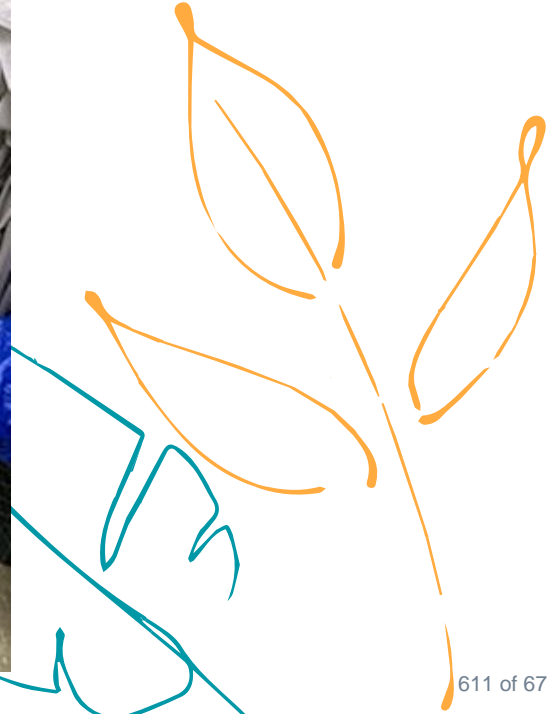


6 ft distancing cones

Student Barriers



6 ft distancing markers



Next Steps



- 1- Schools decide on the instructional model - done
- 2- Notice to county and authorizers for re-opening
- 3- Conduct parent/student town hall meetings - ongoing
- 4- Have parents commit with a model for the remainder of the school year by March 19.
- 5- Determine student counts.
- 6- Determine and address staffing needs.
- 7- Update class rosters and student schedules if needed
- 8- Teacher planning times. Modify live session schedules
- 9- Order instructional materials and supplies. Get lists from staff.
- 10- Dry run/planning on school sites
- 11- Final check of plans and issues



Questions And Comments



Updated on 01/28/2021

HEALTH AND SAFETY POLICY FOR COVID-19

It is the policy of Magnolia Public Schools (“Charter School”) to take all reasonable measures to prevent the spread of the novel coronavirus disease (“COVID-19”) among students and staff. In accordance with this policy, the Charter School is temporarily implementing health and safety measures to mitigate the spread of COVID-19, to be used when the Charter School is allowed to resume in-person instruction. This policy recognizes that these measures are each designed to provide some protection against COVID-19. While there may be times when one measure may not be feasible, implementing the other measures can make up for the absence of another. This Policy includes both mandatory measures (using terms “shall” or “will”) as well as recommended measures intended to guide decisions in light of practical limitations.

This Policy is based on guidance provided by the Centers for Disease Control (“CDC”), the California Department of Education (“CDE”), the California Department of Public Health (“CDPH”), and several county public health officials. The Governor and each county public health official is vested with the authority to impose health and safety standards, which may vary by locality in response to different local conditions. The Charter School will, as necessary, consult with their county health officer, or designated staff, who are best positioned to monitor and provide advice on local conditions to individually determine whether more or less stringent measures are necessary to align with the applicable public health order. The Charter School will fully cooperate with county public health officials regarding the screening, monitoring and documentation that will be required to permit careful scrutiny of health outcomes associated with any potential resumption or expansion of in-person instruction on the Charter School campus. Any reopening of Charter School campuses will use a thoughtful, phased return to in-person instruction.

This Policy constitutes the COVID-19 Infection Control Plan for each Charter School worksite. Prior to resuming in-person instruction, the Home Office COVID-19 Response Team shall perform a comprehensive risk assessment of all work areas and work tasks in accordance with guidance from CDPH and this Policy. The following staff member(s) is (are) responsible for implementing this Policy at each campus:

CELEBRATING 15 YEARS OF EXCELLENCE IN EDUCATION

250 E. 1st Street Suite 1500, Los Angeles, CA 90012 | www.magnoliapublicschools.org

| School Name | Staff Members | Phone Number |
|------------------------------------|------------------------------------|---------------------|
| Magnolia Science Academy-1 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-1 Compliance Task Force Team | 818-609-0507 |
| Magnolia Science Academy-2 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-2 Compliance Task Force Team | 818-758-0300 |
| Magnolia Science Academy-3 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-3 Compliance Task Force Team | 310-637-3806 |
| Magnolia Science Academy-4 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-4 Compliance Task Force Team | 310-473-2464 |
| Magnolia Science Academy-5 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-5 Compliance Task Force Team | 818-705-5676 |
| Magnolia Science Academy-6 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-6 Compliance Task Force Team | 310-842-8555 |
| Magnolia Science Academy-7 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-7 Compliance Task Force Team | 818-886-0585 |
| Magnolia Science Academy-8 | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-8 Compliance Task Force Team | 323-826-3925 |
| Magnolia Science Academy-Santa Ana | Home Office COVID-19 Response Team | 213-628-3634 |

| | | |
|------------------------------------|------------------------------------|--------------|
| | MSA-SA Compliance Task Force Team | 714-479-0115 |
| Magnolia Science Academy-San Diego | Home Office COVID-19 Response Team | 213-628-3634 |
| | MSA-SD Compliance Task Force Team | 619-644-1300 |
| MPS Home Office | Home Office COVID-19 Response Team | 213-628-3634 |

The Charter School offers distance learning as an alternative to in-person instruction. Distance learning will also remain available for students who would be put at risk by an in-person instructional model once in-person instruction resumes. For example, students with a health condition, students with family members with a health condition, students who cohabitate or regularly interact with high-risk individuals, or individuals, or are otherwise identified as “at-risk” by the parents or guardians are students whose circumstances otherwise merit distance learning.

1. Limited campus access:

- The Charter School will allow only necessary visitors and volunteers on the Charter School campus and limit the number of students and staff with whom they come into contact.
- Charter School parents are highly encouraged to conduct any necessary business with School personnel virtually, whenever possible.
- The Charter School will exclude from the campus any employee, student, parent, caregiver or visitor who refuses to take or does not pass a Wellness and Temperature Screening.
- Students excluded from campus on the basis of an elevated temperature or other COVID-19 related symptoms shall be provided with distance learning opportunities to support their academic success to the greatest extent possible during exclusion.
- Students and employees who are well but who have a household member that has been diagnosed with COVID-19 are directed to notify their teacher or the principal, respectively, and the Charter School will work with them to ensure that CDC-recommended precautions are followed.
- Pursuant to local guidance, the Charter School will not currently allow use of Charter School facilities for non-school purposes.
- If allowed on campus, any community groups and other third-party users of campus facilities shall be subject to applicable health and safety plans and restrictions.
- Health and safety standards and procedures shall be applied equally to all users of a public

school campus that is subject to a co-location arrangement.

- The Charter School will minimize close contact between students, staff, families, and the broader community at arrival and departure through one or more of the following methods:
 - Designate routes for entry and exit, using as many entrances and exits as can be supervised appropriately to decrease crowding at entry and exit points.
 - Instruct drivers to remain in their vehicles, to the extent possible, when dropping off or picking up students. When in-person drop-off or pick-up is needed, only a single parent or caregiver should enter the facility to pick up or drop off the child.
 - Require adults entering campus for in-person pick-up or drop-off to wear a face covering.
 - Provide supervision to disperse student gatherings during school arrival and departure.
 - Maximize space between students and between students and the driver on school buses and open windows to the greatest extent practicable. The Charter School will ensure each bus is equipped with extra unused face coverings on school buses for students who may have inadvertently failed to bring one.
 - Minimize contact at school between students, staff, families and the community at the beginning and end of the school day. The Charter School will prioritize minimizing contact between adults at all times.
 - Stagger arrival and drop off-times and locations as consistently as practicable as to minimize scheduling challenges for families.
 - Designate routes for entry and exit, using as many entrances as feasible.
 - Implement health screenings of students and staff upon arrival at school (see Section 2).
- To the extent that non-parent visitors are required to enter the Charter School Campus, the School will take the following precautions:
 - Non-parental visitors will be allowed on campus via appointment only.
 - Non-parental visitors must pre-register in a visitor's log, which includes the visitor's name, email address, and phone number.
 - Non-parental visitors will only be allowed to enter specific areas to conduct their business. Non-parental visitors will not be allowed to interact with any cohorts.
- In the event that any Charter School campuses do not offer in-person instruction, all employees will be allowed to work on-campus, where feasible, and where consistent with this policy, public health guidance, and applicable law.

2. Wellness Checks and Temperature Screenings:

- *COVID-19 Symptoms.* Currently, the CDC has identified the following as potential symptoms of COVID-19:
 - Fever or chills
 - Cough
 - Shortness of breath or difficulty breathing
 - Fatigue
 - Muscle or body aches
 - Headache
 - New loss of taste or smell
 - Sore throat
 - Congestion or runny nose
 - Nausea or vomiting
 - Diarrhea
- In-person wellness checks administered under this Policy shall:
 - Confirm that the subject has not experienced COVID-19 symptoms in the prior 24 hours or potentially been exposed to COVID-19, by soliciting the following information:
 - Have you had any one or more of these symptoms today or within the past 24 hours? Are these symptoms new or not explained by another reason?
 - Fever or chills
 - Cough
 - Shortness of breath or difficulty breathing
 - Fatigue
 - Muscle or body aches
 - Headache
 - New loss of taste or smell
 - Sore throat
 - Congestion or runny nose
 - Nausea or vomiting
 - Diarrhea
 - Do you live in the same household with, or have you had close contact with, someone who in the past 14 days has been in isolation for COVID-19 or had a test confirming they have the virus? **Close contact means being within 6 feet**

of an infected person for a cumulative total of 15 minutes or more over a 24-hour period starting from 2 days before illness onset (or, for asymptomatic patients, 2 days prior to test specimen collection) until the time the person is isolated.¹

- Be conducted safely and respectfully, and in a manner that maintains physical distancing within lines, by providing multiple screening entries into the campus if possible.
- In-person wellness checks do not need to be performed by a nurse or other health professional.
- *Home Screening (Students)*. Parents shall be instructed to screen their student before leaving the house for school. Before leaving the house, a parent should confirm that the student has a temperature below 100.4 degrees Fahrenheit and does not exhibit any other COVID-19 symptoms, including a new cough, diarrhea, or vomiting.
 - ~~Any student who has a fever or other COVID-19 symptoms must stay home from school for at least 10 days after the onset of symptoms, or such period as required by local health order or directive.~~
 - Any student who has a fever of 100.4 degrees Fahrenheit or greater, a new cough, diarrhea, or vomiting upon a home screening should remain home, isolate, and consult with a medical provider for further evaluation and possible COVID-19 testing. Should the student test negative for COVID-19, the student should stay home until fever free without fever reducing medication for 3 days and improved symptoms. If the student tests positive, the student stays isolated at home until fever free for 24 hours, improved symptoms, and 10 days from symptom onset. If a student exhibits symptom consistent with COVID-19 upon home screening does not test for COVID-19 or consult with a medical professional, the student must still isolate at home until fever free for 24 hours, improved symptoms, and 10 days from symptom onset
- *Home Screening (Staff)*. All employees who report to work (in-person) are required to perform a self-administered wellness check for COVID-19 symptoms before leaving home for work.

¹ The CDC's updated definition of "close contacts" includes the following additional clarification: "Individual exposures added together over a 24-hour period (e.g., three 5-minute exposures for a total of 15 minutes) . . . 15 cumulative minutes of exposure at a distance of 6 feet or less can be used as an operational definition for contact investigation. Factors to consider when defining close contact include proximity (closer distance likely increases exposure risk), the duration of exposure (longer exposure time likely increases exposure risk), whether the infected individual has symptoms (the period around onset of symptoms is associated with the highest levels of viral shedding), if the infected person was likely to generate respiratory aerosols (e.g., was coughing, singing, shouting), and other environmental factors (crowding, adequacy of ventilation, whether exposure was indoors or outdoors)."

Active symptom screening shall be conducted at the worksite if required by local order.

- Any employee who has a fever of 100.4 degrees Fahrenheit or higher and/or any of the COVID symptoms is directed to remain home, notify his or her supervisor and await instructions.
- If symptoms are secondary to an underlying condition (i.e., allergies or asthma) and have not worsened, then the employee can report to work and follow hygiene practices.
- The Charter School may initiate temperature checks for all staff entering campus.
- *Campus Screening (Students)*. Staff shall actively monitor students for COVID-19 symptoms when the student enters the school site, which shall include a visual wellness check and a temperature check (confirming temperature below 100.4 degrees Fahrenheit) using a no-touch thermometer, to the extent feasible.
 - Complete an in-person wellness check for signs and symptoms of COVID-19.
 - If student answers “no” to all questions and appears well, student will be allowed to proceed onto campus
 - If the student answers “yes” to any question or upon visual check, and the screener feels the student may be exhibiting signs and symptoms of illness, the student’s temperature should be taken, preferably using a touchless infrared thermometer.
 - If the student’s temperature is 100.4 or above or they have verbally confirmed symptoms, have them don a surgical facemask and go to the isolation area; have office staff contact the parent to pick up the student.
 - If a student has had close contact with an individual who has screened positive for COVID-19 symptoms, the student will be accompanied to a preselected quarantine space until they can safely return home. This quarantine space should be separate and apart from the space set aside for symptomatic students.
 - Screening for Charter School students of middle-school and high-school age should include a question about close contact with anyone at home, school, or elsewhere that the student has been told has tested positive for COVID-19.
- *Campus Screening (Staff and Visitors)*. Each employee and visitor to the school site shall be screened for COVID-19 symptoms before entering the school site.
 - Per San Diego Public Health Order: Ask employees about COVID-19 symptoms within the last 24 hours and whether anyone in their home has had COVID-19 symptoms or a positive test. Complete temperature check (confirming temperature below 100.4 degrees Fahrenheit) using a no-touch thermometer, to the extent feasible.
 - The staff member who greets the visitor at the entrance shall administer an in-person wellness check prior to escorting the visitor to his or her destination:

- If the visitor answers “no” to all questions, he or she may enter the school.
 - If the visitor answers “yes” to any of the questions, he or she may not enter the school.
- Screening for adult visitors and staff should include a question about close contact with anyone at home, school, or elsewhere that the student has been told has tested positive for COVID-19.
 - Adult visitors and staff who have had close contact with an individual who has screened positive shall return home to self-quarantine as per CDPH and local guidance.
- *Bus Screening (Students)*. The bus operator, a staff member or a volunteer shall conduct a wellness check of each student prior to entering the bus, which should include a temperature check using a no-touch thermometer, if possible. In the event that a temperature or wellness check confirms that a student is exhibiting symptoms of COVID-19, the student shall not be permitted to ride.
- To prevent stigma and discrimination in the school setting, student and employee health screenings should be kept as private as possible to maintain the confidentiality of student and employee medical and student records. Race, nationality, country of origin and other protected characteristics should never be used as a basis for particularized health screening.
- Consult the local county health order to determine whether temperature checks are required.
- To the extent feasible and when required, a no-touch thermometer should be used for temperature checks if possible.
 - If a thermometer requiring a touch method (under the tongue or arm, forehead, etc.) is the only type available, it should only be used when a fever is suspected and caution is taken by temperature screeners such as gloves, eye protection, and mask.
 - Thermometers must be properly cleaned and disinfected after each use.
- The Charter School will not penalize students and families for missing in-person instruction due to COVID-19.
- Any student or staff member who develops any COVID-19 signs or symptoms shall stay home, unless and until all conditions have been met pursuant to CDPH and local guidance. These may criteria include but are not limited to a negative PCR COVID-19 viral test.²

² For San Diego Charter School locations, please specifically refer to the San Diego County Public Health Services’ (“SD PHS”) “COVID-19 Decision Tree”:

https://www.sandiegocounty.gov/content/dam/sdc/hhsa/programs/phs/cahan/communications_documents/Decision%20Tree%20chart.pdf

3. COVID-19 Compliance Task Force and Compliance Officer

- The Charter School will comply with and implement the “Protocol for COVID-19 Exposure Management Plan in K-12 Schools,” promulgated by the Los Angeles County Department of Public Health (“LAC DPH”)
- The Charter School will establish a Compliance Task Force (“CTF”). The CTF is responsible for establishing and enforcing all COVID-19 safety protocols, as well as ensuring all Charter School students and staff receive appropriate COVID-19 education. The names and contact information for all CTF members are referenced above on pages one and two of this policy
- The Charter School will designate a “COVID-19 Compliance Officer,” to act as a liaison between the local county public health department and the Charter School, in the event of a COVID-19 cluster or outbreak³ at the Charter School. The name and contact information for the Charter School’s COVID-19 Compliance Officer is referenced above on pages one and two of this policy.

4. COVID-19 testing and reporting:

- Consistent with California “Safe Schools for All” Reopening Plan and Current CDPH Guidance, the Charter School will test both employees and students based entering campus for any period. Testing will depend on local disease trends and will be implemented on

³ The Charter School will apply the definition of outbreak as stated by the LAC DPH: “At least 3 laboratory-confirmed cases with symptomatic or asymptomatic COVID-19 within a 14- day period in a group with members who are epidemiologically linked, do not share a household, and are not a close contact of each other outside of the campus. School groups include persons that share a common membership at school (e.g., classroom, school event, school extracurricular activity, academic class, sport teams, clubs, transportation). Epidemiological links require the infected persons to have been present at some point in the same setting during the same time period while infectious.”

symptomatic⁴, response⁵, and asymptomatic⁶ bases. Pursuant to current guidance, testing will be in accordance with the following cadences:

- **If the Charter School's County is in the Yellow or Orange Tiers:** Symptomatic and response testing.
- **If the Charter School's County is in the Red or Purple Tiers:** Symptomatic testing, response testing, and asymptomatic testing every two weeks.
- **If the Charter School's County's case positivity rate is greater than 14 per 100 population per day:** Symptomatic testing, response testing, and asymptomatic testing every week if using PCR testing, or twice weekly if using Antigen testing.
- When testing students or employees for COVID-19, the Charter School will require PCR testing.
- Additional levels of employee and student COVID-19 testing may be implemented in response to local disease trends, an outbreak, as determined by the Home Office COVID-19 Response Team, where required by Cal/OSHA regulations, or where otherwise required by law or public health guidance.
 - ~~CDPH and local guidance, the Charter School will implement surveillance testing of staff as a school wide practice or as directed by the local public health department, and pursuant to the following standards: Surveillance testing is either: 1) in response to an outbreak at a school site, and/or 2) on a staff and student wide basis as determined by the Home Office COVID-19 Response Team or when instructed by local county health officials, based upon local disease trends.~~
 - ~~In response to an outbreak, only one (1) test per symptomatic person or close contact is required. A repeat test may be necessary if the initial test is positive or if symptoms later develop.~~

⁴ Symptomatic testing “is used for individuals with symptoms of COVID-19, either at home or at school.”

⁵ Response testing “is used to identify positive individuals once a case has been identified in a given stable group. Response-based testing can be provided for symptomatic individuals or for asymptomatic individuals with known or suspected exposure to an individual infected with SARS-CoV-2.”

⁶ Asymptomatic testing is “used for surveillance, usually at a cadence of every 2 weeks or less frequently, to understand whether schools have higher or lower rates of COVID19 rates than the community, to guide decisions about safety for schools and school administrators, and to inform LHDs about district level in-school rates. Asymptomatic testing can also be used for screening, usually at a higher cadence (weekly or twice weekly) than surveillance testing, to identify asymptomatic or pre-symptomatic cases, in order to exclude cases that might otherwise contribute to in-school transmission.”

- For staff and student-wide testing, all staff and students shall be tested, other than any staff and students who have no contact with others and do not report to campus students and other staff. However, the ability to test all staff and students may not be possible if laboratory capacity is limited (see below).
 - ~~The goal of staff wide testing is to test 100% of staff within two (2) months. This could be implemented as 50% one month and 50% the next month, or 25% every two (2) weeks.~~
 - ~~If LAC DPH order ongoing staff wide testing, then repeated testing must be continued every two (2) months as directed by such officials.~~
- The Charter School can cause tests to be provided at any one of its campuses, or have staff get tested at any local testing site or by their health insurance provider, which must cover the cost.
 - If county-provided testing is not available, then private labs and health insurance providers may be used, and the cost of testing must be covered by the health insurance provider under an emergency state regulation.
- The School's liaison must be made aware of the student and staff test results and report those results to LAC DPH local public health officials.
- **Student consent for testing:**
 - **Students age 12 and under:** For Charter School Students age 12 and under, the Charter School will require parental consent for COVID-19 testing.
 - **Students age 13 to 17:** Pursuant to California Family Code Section §6926 and CDPH guidance, Charter School Students ages 13 to 17 may consent to COVID-19 testing on their own.
 - **Students age 18 and older:** Charter School students age 18 and older do not need parental consent for COVID-19 testing.
- Staff ~~cannot refuse to take a test or to report the test results to the~~ and students who refuse to take a test or to report the test results to the School will not be allowed to return to in-person instruction or otherwise enter the Charter School Campus. Both the testing and the reporting are required under applicable public health guidance and legal authority ~~under the local health order.~~
- The School must maintain confidentiality of test results, other than reporting the results to LAC DPH local public health officials. All medical information about any employee must be stored separately from the employee's personnel file in order to limit access to this confidential information. The School should have a separate confidential medical file for each employee where the School can store all of that employee's medical information. Medical information includes COVID-19 test results, an employee's statement via any symptom screening that they have symptoms or COVID-19, medical certifications showing the employee needs time off

due to COVID-19, etc. For students, the School will take similar precautions to safeguard the students' privacy and confidentiality, consistent with FERPA and all relevant legal requirements.

- The families of students and staff who will return to in-person instruction at the Charter School campus are highly encouraged to be tested for COVID-19 before their student or family member returns to campus, and regularly thereafter.
- Visitors to the Charter School campus are highly encouraged to undergo COVID-19 testing prior to entering the Charter School campus.
- ~~Students and family members are strongly encouraged to be tested for COVID-19 before returning to the school facility and regularly while receiving in-person instruction.~~
- In the event of a positive test result of a student or family member:
 - The Charter School requires that parents/guardians notify school administration immediately if the student tested positive for COVID-19 or if one of their household members or non-household close contacts tested positive for COVID-19.
- Upon receiving notification that staff or a student has tested positive for COVID-19 or been in close contact with a COVID-19 case, the Charter School will take actions as required in Section 4-5 below. Follow the process set forth in Section 4-5 upon receipt of test results.

- **Vendors**

- All vendors' employees who regularly enter the Charter School Campus must comply with this entire Policy, including any and all COVID-19 testing and screening requirements.
- For the purposes of this Policy, vendors include but are not limited to the Charter School's contracted partners who provide limited and specialized services on Charter School campuses.
Consistent with this Policy, any vendor's employee who either refuses to test for COVID-19 or refuses to provide COVID-19 testing results will be excluded from the Charter School campus, to protect the health and safety of all Charter School students, employees, and the community. Similarly, any vendor's employee who screens or tests positive for COVID-19 prior to campus entry must follow all protocol in this Policy, including but not limited to temporary campus exclusion, COVID-19 testing, and any other protocol required by public health guidance. Vendor's employees who test negative must still follow all protocol in this Policy, and consistent with public health guidance.

5. **Exposure Management Planning and Response to Suspected or Confirmed Cases and Close Contacts:**

- The Charter School will comply with the “Protocol for COVID-19 Exposure Management Plan in K-12 Schools”, as promulgated by the LAC DPH, in response to suspected or confirmed cases and close contacts. In the event that local guidance provides more stringent directives in response to suspected or confirmed cases and close contacts, the Charter School will follow such local guidance. In addition, the Charter School will follow the following protocols, except to the extent they conflict with the EMP, in which case the EMP will prevail.
- Potential Exposure: In the event of notice of potential exposure,⁷ the Charter School will take the following actions within one (1) business day of the notice of potential exposure:
 - Provide a written notice to all employees who were on the premises in the same worksite⁸ as the qualifying individual⁹ within the infectious period¹⁰ that they may have been exposed to COVID-19.¹¹

⁷ Notice of potential exposure means any of the following: (a) notification from a public health official or licensed medical provider that an employee was exposed to a qualifying individual at the worksite; (b) notification from an employee, or their emergency contact, that the employee is a qualifying individual; (c) notification through the Charter School’s testing protocol that the employee is a qualifying individual; or (d) notification from a subcontracted employer that a qualifying individual was on the school site. (Labor Code § 6409.6, subd. (d)(3).)

⁸ The “worksite” does not include buildings, or floors within multistory buildings, that a qualifying individual did not enter. If the Charter School operates multiple worksites, the Charter School must only notify employees who worked at the same worksite as the qualified individual. (Labor Code § 6409.6, subd. (d)(5).)

⁹ A “qualifying individual” means (a) a laboratory-confirmed case of COVID-19, as defined by the State Department of Public Health; (b) a positive COVID-19 diagnosis from a licensed health care provider; (c) a COVID-19-related order to isolate provided by a public health official; (d) an individual who has died due to COVID-19, in the determination of a county public health department or per inclusion in the COVID-19 statistics of a county. (Labor Code § 6409.6, subd. (d)(4).)

¹⁰ The “infectious period” means the time a COVID-19-positive individual is infectious, as defined by the State Department of Public Health. (Labor Code § 6409.6, subd. (d)(2).)

¹¹ Written notice will be provided in the same manner that the Charter School ordinarily uses to communicate employment-related information. Written notice may include, but is not limited to, personal service, email, or text

- Provide a written notice to the exclusive representative, if any, of the above employees.¹²
 - Provide all employees who may have been exposed and the exclusive representative, if any, with information regarding COVID-19-related benefits to which employees may be entitled under applicable federal, state, or local laws.
 - Information regarding COVID-19-related benefits includes, but is not limited to, workers' compensation, and options for exposed employees, including COVID-19-related leave, Charter School sick leave, state-mandated leave, supplemental sick leave, or negotiated leave provisions, including potential guaranteed leave provisions pursuant to the federal Families First Coronavirus Response Act (FFCRA), as well as antiretaliation and antidiscrimination protections applicable to employees.
 - Notify all employees, and the employers of subcontracted employees and the exclusive representative, if any, on the disinfection and safety plan that the Charter School plans to implement and complete per the guidelines of the CDC.
 - Records of the above notices shall be retained for a minimum of three (3) years.
- If the event of a suspected COVID-19 case(s):
 - The Charter School will identify isolation rooms and/or outdoor areas to separate anyone who exhibits COVID-19 symptoms.
 - Any students or staff exhibiting symptoms should immediately be required to wear a face covering and wait in a separate isolation area until they can be transported home or to a healthcare facility, as soon as practicable. For serious illness, call 9-1-1 without delay.
 - In the event of one or more confirmed COVID-19 case(s) the Charter School will follow the CDPH Framework for Reopening K-12 Schools guidance, including implementation of the following practices:
 - Notify the county public health department immediately which will be provided by the Home Office COVID-19 Response Team depending on the county where the school is located. The Charter School will provide notifications to the local public health department of any known case of COVID-19 among any student or employee who was

message if it can reasonably be anticipated to be received by the employee within one (1) business day of sending and shall be in both English and the language understood by the majority of the employees.

¹² Written notice to the exclusive representative must contain the same information as required in an incident report in a Cal/OSHA Form 300 injury and illness log unless the information is inapplicable or unknown to the Charter School. This requirement does not apply if the Charter School's employees do not have an exclusive representative.

- present on a Charter School campus within the 14 days preceding COVID-19 symptoms, or 10 days before a positive test result.
- Notifications will be provided by the Home Office COVID-19 Response Team depending on the county where the school is located.
 - The notification to the local public health department must include:
 - 1) The full name, address, telephone number, and date of birth of the individual who tested positive;
 - 2) The date the individual tested positive, the school(s) at which the individual was present on-site within the 10 days preceding the positive test, and the date the individual was last on-site at any relevant school(s); and
 - 3) The full name, address, and telephone number of the person making the report.
 - For San Diego Charter School locations, the public health department should be notified either via phone at (888) 950-9905, or online at www.coronavirus-sd.com. The notification should list the following information: 1) The name of the person reporting, 2) the Charter School name and district, 3) the Charter School address, 4) your position at the Charter School. For the individual diagnosed with COVID-19, the notification should list the individual's: 1) Name, 2) date of birth, 3) contact information (phone number and email), 4) the individual's last date on the Charter School campus, and 5) any additionally relevant comments.
 - For Los Angeles County Charter School locations: The Charter School will contact the LAC DPH, as consistent with its "Protocol for COVID-19 Exposure Management Plan in K-12 Schools."¹³
 - For Orange County Charter School locations: Contact the Orange County Public Health Department via phone at 714-834-8180, or via email at epi@ochca.com.
 - ~~Notify all staff and families in the school community of any positive COVID-19 case while maintaining confidentiality as required by state and federal laws.~~
 - Close off areas used by any sick person and do not use before cleaning and disinfection. Follow cleaning and ventilation procedures in Section 6 7 and 7 8.
 - Investigate the COVID-19 illness and exposures and determine if any work-related factors could have contributed to risk of infection.

¹³ This document may be found at:

http://publichealth.lacounty.gov/media/Coronavirus/docs/protocols/ExposureManagementPlan_K12Schools.pdf

- Update protocols as needed to prevent further cases in accordance with CDPH Guidelines (“Responding to COVID-19 in the Workplace”).
- Implement communication plans for exposure at school and potential school closures in the event of an outbreak or other necessary circumstances, to include outreach to students, parents, teachers, staff and the community.
- Include information for staff regarding labor laws, information regarding Disability Insurance, Paid Family Leave and Unemployment Insurance, as applicable to schools.
- Maintain regular communications with the local public health department.
- Where stable classroom cohorts have been maintained: All students and staff should be instructed to get COVID-19 testing and remain quarantined at home for 14 days.
- Where stable classroom cohorts have not been maintained: Utilize class seating rosters and consultation with teachers/staff to identify close contacts to the confirmed COVID-19 case in all classrooms and on-campus activities.
 - A “close contact”¹⁴ is someone who has been within ~~six feet of the person who tested positive for a prolonged period of time (at least 15 minutes)~~ 6 feet of an infected person for a cumulative total of 15 minutes or more over a 24-hour period starting from 2 days before illness onset (or, for asymptomatic patients, 2 days prior to test specimen collection) until the time the is isolated, regardless of face covering use, or someone who had direct physical contact or shared eating or drinking utensils with that person, or if that person sneezed, coughed, or somehow got respiratory droplets on you.¹⁵
 - Close contacts should be instructed to get COVID-19 testing and should remain quarantined at home for 14 days.
- For all settings: Provide information regarding close contacts to the county public health department via secure fax or email.

¹⁴A close contact also includes a situation in which a person provided care at home to someone who is sick with COVID-19.

¹⁵ Recently updated CDC Guidance provided numerous investigation factors to consider in a “close contacts” analysis. Please refer to either Footnote 1 in this policy, or CDC Guidance: <https://www.cdc.gov/coronavirus/2019-ncov/php/contact-tracing/contact-tracing-plan/appendix.html#contact>

- In accordance with state guidance regarding closing schools in response to confirmed cases,¹⁶ and in consultation with the local public health department, the appropriate school official may decide whether school closure versus cleaning and quarantine of exposed persons or other intervention is warranted, including the length of time necessary, based on the number of cases at the school and the risk level within the specific community as determined by the local public health officer.
- If the school site must be closed for in-person instruction, develop a contingency plan for continuity of education using distance learning. Consistent with the School's adopted Distance Learning Policy and Procedures, distance learning shall include all of the following:
 - Confirmation or provision of access for all students to connectivity and devices adequate to participate in the educational program and complete assigned work;
 - Content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction;
 - Academic and other supports designed to address the needs of students who are not performing at grade level, or need support in other areas, such as English learners, students with exceptional needs, students in foster care or experiencing homelessness, and students requiring mental health supports;
 - Special education, related services, and any other services required by a student's individualized education program, with accommodations necessary to ensure that individualized education program can be executed in a distance learning environment;
 - Designated and integrated instruction in English language development for English learners, including assessment of English language proficiency, support to access curriculum, the ability to reclassify as fully English proficient, and, as applicable, support for dual language learning;
 - Daily live interaction with certificated employees and peers for purposes of instruction, progress monitoring, and maintaining school connectedness in the form of internet or telephonic communication, or by other means permissible under public health orders; and
 - Continuing to provide school meals.

¹⁶ California Department of Public Health: COVID-19 and Reopening In-Person Learning Framework for K-12 Schools in California, 2020-2021 School Year (July 17, 2020).

- Provide guidance to parents, teachers and staff reminding them of the importance of community physical distancing measures while a school is closed, including discouraging students or staff from gathering elsewhere.
- If a Charter School student or employee was exposed at the Charter School, all persons within that student or employee's classroom or cohort are considered exposed and require quarantine and isolation procedures pursuant to CDPH and applicable local guidance.
- If the COVID-19 case was present on the Charter School campus, the individual must be excluded from campus for at least 10 days from COVID-19 symptom onset, or if asymptomatic, 10 days from the date the specimen was collected for the positive COVID-19 test.
- In the event of a cluster (three or more cases within 14 days), the Charter School will contact local county public health officials, as necessary, and work closely with such officials to determine whether the cluster is an outbreak, requiring outbreak response.¹⁷
- In the event of an outbreak or cluster at a Charter School:
 - The Charter School CTF and COVID-19 Compliance Officer will work closely with local county public health officials, timely provide all required information, and otherwise comply with all CDPH and local guidance regarding outbreaks.¹⁸
 - The Charter School will notify students, families, employees, and stakeholders that the School and local public health department are investigating a cluster and/or outbreak. The notice will encourage all stakeholders to follow public health recommendations.
 - The Charter School will additionally notify all stakeholders if the school is to be closed for 14 days due to widespread and/or ongoing transmission of SARS-CoV2 at the school or in the general community.
 - Limit visitors to the affected Charter School campus, except for those that are essential to the School's mission. Law Enforcement Personnel (Sheriff and Police), Fire, Medical, Emergency, or government employees who are responding to, working at, or inspecting the facility will be allowed to access the Charter School campus.

¹⁷ In the event of a "cluster," Los Angeles County Charter Schools must specifically report such information to the LAC DPH at LADPH at ACDC-Education@ph.lacounty.gov or by calling (888) 397-3993.

¹⁸ In the event of an outbreak, all Charter School locations will comply with guidance titled "Management of Outbreaks of COVID-19," issued by the LAC DPH. This protocol can be found at: http://publichealth.lacounty.gov/media/Coronavirus/docs/education/EMPSupplement_K12Schools.pdf. In the event that other state or local guidance provides more stringent outbreak protocol, the Charter School will comply with such protocol.

- Discontinue all non-essential in-person group activities at the Charter School Campus during the outbreak.
- Identify absenteeism among affected classes or stable groups and contact those absentees to screen for COVID-19 symptoms.
- Close contacts to laboratory confirmed COVID-19 case(s):
 - Close contacts (household or non-household) of confirmed COVID-19 cases should be sent home immediately, and instructed to get COVID-19 testing five (5) to seven (7) days from the last exposure. ~~immediately and ten (10) days after their last day of exposure to the case~~ Even if they test negative, they should remain in quarantine for a full 14 days after (1) date of last exposure to COVID-19 positive non-household contact or (2) date that COVID-19 positive household member completes their isolation.
 - No actions need to be taken for persons who have not had direct contact with a confirmed COVID-19 case, and instead have had close contact with persons who were in direct contact.
 - Those who test positive should not return until they have met county health department criteria to discontinue home isolation.
- Returning to school after home isolation:
 - Symptomatic individuals who test negative for COVID-19 can return 3 days after resolution of fever (if any) and improvement in symptoms.
 - Documentation of a negative test result should be provided to school administrators.
 - In lieu of a negative test result, students and staff may return to work with a medical note by a physician that provides alternative explanation for symptoms and reason for not ordering COVID-19 testing.
 - Symptomatic individuals who test positive for COVID-19 can return 10 days after the symptom onset ~~or test date~~, are fever free for 24 hours without the use of fever reducing medication and have improved symptoms.
 - Symptomatic individuals who neither test for COVID-19 nor consult with a medical professional must isolate at home until fever free for 24 hours, improved symptoms, and 10 days from symptom onset.
 - Individuals who test positive for COVID-19 test but who remain asymptomatic must still follow all public health guidance before returning to campus, including a full 10-day quarantine following the date of the positive test result.
 - Asymptomatic individuals who test positive for COVID-19 and who later develop symptoms should follow all applicable quarantine and isolation guidelines, including quarantining for 10 days after the onset of symptoms, 24

hours with no fever without the use of fever-reducing symptoms, and when symptoms have improved.

- Close contacts to confirmed COVID-19 cases at school can return 14 days from the last date that the case was present at school while infectious who test positive can return to school after isolating at home until fever free without fever reducing medication for 24 hours, improved symptoms, and 10 days from beginning of symptoms (or 10 days from test date, if no symptoms).
- Close contacts to confirmed COVID-19 cases at school can return 14 days from the last date that the case was present at school while infectious. Close contacts to confirmed COVID-19 cases who test negative can return to school after quarantining for 14 days from the last exposure to the infected person.
- Close contacts to confirmed COVID-19 cases at home or outside school can return a full 14 days after (1) date of last exposure to COVID-19 positive non-household contact or (2) date that COVID-19 positive household member completes their isolation.

- **Subsequent School Closure Criteria:**

- Charter School campuses that are open for in-person instruction may subsequently and temporarily close for in-person instruction based on the following criteria:
 - 1) An outbreak has occurred in 25% or more stable groups at the School in 14-day period,
 - 2) 3 outbreaks have occurred in a 14-day period AND 5% of school population is infected, or
 - 3) As determined by the local health department
- After closure, may reopen after 14 days, cleaning, disinfection, public health investigation, and local health department consultation.

6. Sanitizing/hygiene materials and practices:

- The Charter School will develop plans and routines to ensure that students and staff wash or sanitize hands frequently, including upon arrival to campus, after using the restroom, after playing outside and returning to the classroom, before and after eating, and after coughing or sneezing.
- The Charter School will schedule frequent, mandatory handwashing breaks for younger students at regular intervals, including but not limited to: Before and after eating, after toileting, after outdoor play, as well as before and after any group activity.

- Sanitation routines will enable students and staff to regularly wash their hands at staggered intervals to avoid congregating in restrooms.
 - Staff will teach and reinforce proper handwashing technique, avoiding contact with one's eyes, nose, and mouth, using a tissue to wipe the nose, and covering coughs and sneezes.
 - The Charter School shall make soap, tissues, no-touch trashcans, face coverings, water and paper towels or dryers for hand washing available. Students and staff should wash their hands for 20 seconds with soap, rubbing thoroughly after application. Soap products marketed as "antimicrobial" are not necessary or recommended.
 - If handwashing stations near classrooms are not practicable, and to facilitate use by students and staff as needed, the Charter School shall make available fragrance-free alcohol-based hand sanitizer that is at least sixty percent (60%) ethyl alcohol. (Note: frequent handwashing is more effective than the use of hand sanitizers). This hand sanitizer will be made available to both students and staff at all strategic locations throughout the Charter School Campus.
 - The Charter School will not use hand sanitizer with isopropyl alcohol as the main ingredient.
 - Children under age 9 should only use hand sanitizer under adult supervision. Call Poison Control if consumed: 1-800-222-1222.
 - Children under age 9 should only use hand sanitizer under adult supervision. Hand sanitizer will also not be left out in the open in classrooms for students under the age of 9.
 - The Charter School shall place posters conspicuously that encourage hand hygiene to help stop the spread of COVID-19.
 - Employees should visit the CDC's coughing and sneezing etiquette and clean hands webpage for more information.
7. **Routine cleaning and disinfecting:** The Charter School will incorporate the CDPH and CDC Guidance for Cleaning, Disinfection and Ventilation as appropriate to maintain a high level of cleanliness throughout the year and reduce the risk of exposure to and spread of COVID-19 at the school site.
- Custodial staff will perform thorough cleaning when students are not present. When cleaning, the space will be aired out before children arrive.
 - Staff should wait twenty-four (24) hours before cleaning and disinfecting any area that was used by a person who was experiencing COVID-19 symptoms. If it is not possible to wait twenty-four (24) hours, then staff should wait as long as possible.

- The Charter School will ensure proper ventilation during cleaning and disinfecting. Staff are encouraged to introduce fresh outdoor air as much as possible, by opening windows where practicable.
- The Charter School will ensure the HVAC system is in good, working order.
- All frequently touched surfaces in the workplace, such as chairs, desks, tables, keyboards, telephones, handrails, light switches, sink handles, restroom surfaces and door handles, will be routinely cleaned ~~disinfected~~.
- Students and employees are discouraged from sharing desks, computers, books, phones, pens, art supplies, or other work tools and equipment, including playground equipment, when possible. When shared use is allowed, the items and equipment will be cleaned ~~and disinfected~~ between uses.
- Staff will be trained as appropriate in the chemical hazards, manufacturer's directions, and Cal/OSHA requirements for safe and correct application of cleaning and disinfectant agents in accordance with the Healthy Schools Act guidance from the California Department of Pesticide Regulation and Cal/OSHA.
- When choosing disinfecting products, the Charter School will use those approved for use against COVID-19 on the Environmental Protection Agency (EPA)- approved list "N" and require staff to follow product instructions.
 - To reduce the risk of asthma and other health effects related to disinfecting, the Charter School will select disinfectant products on list N with asthma-safer ingredients (hydrogen peroxide, citric acid or lactic acid) as recommended by the US EPA Design for Environment program.
 - The Charter School will avoid products that contain peroxyacetic (peracetic) acid, sodium hypochlorite (bleach) or quaternary ammonium compounds, which can cause asthma.
 - Staff shall follow label directions for appropriate dilution rates and contact times.
 - The Charter School will establish a cleaning and disinfecting schedule in order to avoid both under- and over-use of cleaning products.
- Subject to available resources, disposable disinfecting wipes shall be made available so that employees can wipe down commonly used surfaces (e.g., doorknobs, keyboards, remote controls, desks, other work tools and equipment) before each use. Disinfectant wipes and sprays will be kept away from students.
- Drinking fountains will not be used and replacement items (e.g., reusable water bottles) will be used instead.
- Each student's belongings will be kept in an individually labeled storage container, cubby, or locker. Students are encouraged to take belongings home each day to be cleaned.

8. Facility measures: The Charter School will incorporate CDE guidance for maintaining a healthy facility, to include some or all of the following:

- While providing specialized services, the total on-site student population at Charter School will not exceed 25% of the School's total student enrollment number total student capacity. Upon re-opening for in-person instruction, the Charter School will comply with all state and local guidance regarding capacity of the site.
- Maintenance staff will ensure that ventilation systems and fans operate properly and increase circulation of outdoor air as much as possible by opening windows and doors and other methods.
- Windows and doors should not be opened if doing so poses a safety or health risk by exacerbating seasonal allergies or asthma symptoms.
 - The Charter School will consider alternatives, such as increased central air filtration (targeted filter rating of at least MERV 13) if opening windows poses a safety or health risk to persons using the facility.
- Maintenance staff will ensure that all water systems and features (e.g., drinking fountains) are safe to use after a prolonged facility shutdown to minimize the risk of Legionnaires' disease and other diseases associated with water.
- If possible, suspend or modify use of site resources that necessitate sharing or touching items. For example, consider suspending use of drinking fountains and installing hydration stations; encourage the use of reusable water bottles.
- Consider installing additional temporary handwashing stations at all school entrances and near classrooms to minimize movement and congregation in bathrooms.
- Consider installing privacy boards or clear screens to increase and enforce separation between staff and students.

9. Cohorts and Stable Groups

- The Charter School will implement the use of cohorts¹⁹ and stable groups²⁰ for in-person education services. Cohorts will be utilized where providing specialized services. The Charter School will utilize stable groups to the maximum extent possible in all grade levels and for any form of in-person instruction.

- **Stable Groups:**
 - Elementary Schools:
 - Stable groups in elementary schools will stay together all day with their core teacher. Any electives of counseling should be conducted virtually to the maximum extent practicable.
 - Stable groups should complete daily activities together, including lunch and recess, and should be staggered from other groups.
 - The Charter School will consider rotating groups which are present on campus at any one time, including staggering attendance on certain days, or during different parts of the day.
 - Middle and High Schools:
 - To the maximum extent possible, the Charter School will place students in groups that remain together all day for in-person instruction.
 - The Charter School will consider implementing the following strategies to separate stable groups:
 - Rotating teachers between stable groups,
 - Implementing block schedules to reduce the number of courses students take in any one day,
 - Offering electives virtually,
 - Dividing the school year into smaller time units, such as four (4) to eight (8) week periods, where students intensively student one or two subjects during that period.

- The Charter School will limit cohorts to 12 students.

¹⁹ Cohorts are defined by the CDPH as “a cohort is a stable group of no more than 14 children or youth and no more than two supervising adults (or a configuration of no more than 16 individuals total in the cohort) in a supervised environment in which supervising adults and children stay together for all activities (e.g., meals, recreation, etc.), and avoid contact with people outside of their group in the setting.”

²⁰ A “stable group” is defined as “a group with fixed membership that stays together without mixing with any other groups for any activities.”

- To enforce and promote physical distancing, no child may be part of more than one (1) cohort. However, a student may leave a cohort temporary and as needed basis to receive individualized, one-on-one services, provided that the one-on-one services are provided in a secure space, apart from other staff and students.
- Pursuant to CDPH guidance, students, and supervising adults in any one cohort must not interact with students and supervising adults in any other cohort at the Charter School. However, supervising adults may be assigned to no more than two (2) cohorts, if the supervising adult is serving children five years of age or younger or if the adult offers specialized services or support that cannot be offered by another supervising adult.
- Substitute supervising adults are permitted. However, any substitute may serve no more than one (1) cohort per day.
- To the extent possible, the Charter School will strive to provide outdoor space for 50% of cohort activities and instruction.
- The Charter School will take special precautions related to meals for cohorts, as referenced below in Section 12.
- Visitors to the Charter School will not be allowed to interact with cohorts.
- Each cohort will be assigned a designated restroom. In the event that more than one cohort is required to use the same restroom, the Charter School will implement a color-coding system to minimize student and cohort interactions in restrooms.
- During extracurricular activities such as art, music, and exercise, cohorts will be kept separate.
- During recess and playground time, cohorts will not be allowed in the same place at the same time. The Charter School may implement a schedule to ensure physical distancing during recess and playground times.
- In assigning and arranging cohorts, and to limit physical interactions between cohorts, the Charter School will use the following best practices:
 - To the extent feasible, assign children and youth who live together or carpool together, in the same cohort;
 - Avoid moving children and youth between cohorts, absent a concern for the child's overall safety and wellness.
- Staff Meetings: Meetings among staff from different cohorts must be conducted remotely, outdoors, or in a large room in which all providers wear cloth face coverings and maintain at least 6 feet distance from other providers. Outdoor meetings and meetings in large rooms with the windows open are preferred over meetings in small rooms with windows closed.

10. Physical distancing (staff): The Charter School will incorporate CDPH and CDE guidance with respect to physical distancing between employees, to include some or all of the following:

- The Charter School will consider arranging work schedules and providing telework options to limit the total number of staff on campus each day.
- The Charter School will additionally consider implementing staggered shift schedules, where practicable, to encourage physical distancing. This includes potential staggering of break times, where practicable, to ensure physical distancing in break rooms and staff lounges.
- The Charter School will arrange desks and workspaces to create a minimum of six (6) feet between individuals, including those employed in administrative positions.
- Break rooms, staff rooms and conference rooms will have posted occupancy limits. Staff should minimize use of staff rooms, break rooms and other indoor settings. Staff are encouraged to eat meals outdoors or in large, well ventilated spaces. In such locations, the Charter School will ensure staff can maintain six (6) feet of physical distancing.
- Where possible, trainings and other meetings will be conducted virtually or in a manner that accommodates physical distancing.
- For Charter School staff employed in food service and preparation operations, the Charter School will implement, where practicable, physical distancing requirements, such as floor markings.

11. Physical Distancing (Elevator(s)):

- The Charter School will implement and enforce physical distancing in all elevators, to ensure a maximum of four (4) riders at any one time, if consistent with six (6) feet of physical distancing within that elevator. If the elevators cannot accommodate four (4) riders consistent with six (6) feet of physical distancing, the School will limit the maximum number of riders to conform to six (6) feet of physical distancing.

12. Physical distancing (students): The Charter School will incorporate CDPH and CDE guidance with respect to physical distancing between students on campus, to include some or all of the following:

- The Charter School will consider different options for instructional scheduling models, including using a blended learning model to limit the total number of students on campus each day.

- The Charter School will establish a maximum occupancy of each classroom. Desks will be arranged to minimize face-to-face contact and maintain a minimum of six (6) feet between students and teacher.
- The Charter School will implement measures to maintain physical distancing of six (6) feet between students in the following settings, as practicable. Where six (6) feet of physical distancing cannot be maintained, the Charter School may allow no less than four (4) feet of physical distancing between students. If the Charter School determines in good faith that six (6) feet cannot practicably be maintained, the Charter School will document the reasons physical distancing is not practicable for each setting and describe the measures that will be used to maximize the space between students:
 - School bus stops
 - School buses
 - During daily symptom and temperature screening of students
 - While students are entering campus and waiting for their first class to begin
 - During meal periods
 - During recess
 - During passing periods
 - Classrooms and other instructional spaces
 - Restrooms
 - Locker rooms
 - While students are exiting the campus
 - School buses
 - Before- and after-school programs
 - Extracurricular and co-curricular programs
- To reduce possibilities for infection, students must remain in the same space and in cohorts or stable groups as small and consistent as practicable, including for recess and lunch.
 - Ensure students and staff remain in stable classroom cohorts by keeping the same students and teacher or staff together for the entire school day. Students should not mix with other stable classroom cohorts.
 - Prioritize the use and maximization of outdoor space for activities where practicable.
 - Minimize movement of students and teachers or staff as much as practicable. For example, consider ways to keep teachers with one group of students for the whole day.
 - In secondary schools or in situations where students have individualized schedules, plan for ways to reduce mixing among cohorts and to minimize contact.

- Maximize space between seating and desks. Distance teacher desks at least six feet away from students. Consider ways to establish separation of students through other means if practicable, such as, six feet between desks, where practicable, partitions between desks, markings on classroom floors to promote distancing or arranging desks in a way that minimizes face-to-face contact.
- Consider redesigning activities for smaller groups and rearranging furniture and play spaces to maintain separation.
- A supervising adult may be assigned to a maximum of two (2) cohorts, if the adult is serving children five years-of-age and younger, or if the adult offers specialized services or support that cannot be offered by another supervising adult.
- The Charter School will implement measures to maintain physical distancing while students move between classrooms that are easy for students to understand and are developmentally appropriate, including potentially one or more of the following recommendations. In common areas, the school will adjust schedules to ensure that only one cohort moves through common areas such as hallways and restrooms at one time. Other measures to maximize physical distancing between cohorts in common areas includes but are not limited to:
 - Hallways: The Charter School will ensure only one cohort moves through a hallway at any given time. For example, the Charter School may establish more ways to enter and exit a campus, and stagger passing times when necessary.
 - Lockers: Minimize use of lockers to avoid unnecessary mixing and congregation of students in hallways.
 - Restrooms: Stagger restroom use by groups of students to the extent practicable, and/or assign certain groups of students to use certain restrooms. Individual cohorts will be assigned a designated restroom. If more than one cohort is required to use the same restroom, the Charter School will implement a color-coding system to minimize interactions in restrooms.
 - Libraries: Stagger group use of libraries.
 - Outdoors: Consider holding recess activities in separated areas designated by class.
- The Charter School will implement physical barriers between food service workers and students, where necessary and appropriate.
- Outdoor and large format spaces (e.g., auditoriums) may be used for instructional activities where physical distancing cannot be maintained in classrooms.
- Activities where there is increased likelihood for transmission from contaminated exhaled droplets such as band (i.e., wind instruments) and choir practice and performances are not permitted.

- The Charter School will implement procedures for turning in assignments to minimize contact.
- The Charter School will implement a plan to maintain physical distancing during meals, included but not limited to the following:
 - Food will be distributed in single-service meals instead of buffet, salad bar or family-style formats.
 - The Charter School will tape or measure six-foot intervals for food lines to ensure physical distancing between students while picking up meals.
 - If meals take place in the cafeteria, only one cohort will be allowed to eat in the cafeteria at any one time. Table and/or chairs will also be spaced at six-foot intervals to ensure physical distancing between students.
- The Charter School will implement appropriate physical distancing measures during physical activities.
 - Sporting Events and Gatherings: Outdoor and indoor sporting events and competitions, assemblies, dances, rallies, field trips, and other activities that require close contact or that would promote congregating are not permitted.
 - Playgrounds and Recess: The Charter School will consider holding recess activities in separated areas designated by class and/or staggered throughout the day and limiting use of shared playground equipment in favor of physical activities that require less contact with surfaces and allow for greater physical distancing.
 - Youth Sports and Physical Education: The Charter School will conduct sports and physical education classes only when the following can be maintained (1) physical distancing of at least six (6) feet, and (2) a stable cohort, such as a class, that limits the risk of transmission. Activities should take place outside to the maximum extent practicable.
 - For sports that cannot be conducted with sufficient distancing or cohorting, only physical conditioning and training is permitted and only where physical distancing can be maintained. Conditioning and training should focus on individual skill building (e.g., running drills and body weight resistance training) and should take place outside, where practicable. Indoor physical conditioning and training is allowed only in counties where gyms and fitness centers are allowed to operate indoors.
 - Avoid equipment sharing, and if unavoidable, clean and disinfect shared equipment between use by different people to reduce the risk of COVID-19 spread.

- Consistent with guidance for gyms and fitness facilities, if indoor physical condition and training is allowed as set forth above, cloth face coverings must be worn during indoor physical conditioning and training or physical education classes (except when showering). Activities that require heavy exertion should be conducted outside in a physically distanced manner, with face coverings as tolerated. ~~without face coverings~~. Activities conducted inside should be those that do not require heavy exertion and can be done with a face covering. Players should take a break from exercise if any difficulty in breathing is noted and should change their mask or face covering if it becomes wet and sticks to the player's face and obstructs breathing. Masks that restrict airflow under heavy exertion (such as N-95 masks) are not advised for exercise.
 - Contact sports will not be permitted and all youth sports and physical education must be conducted outdoors.
 - Prior to participating in any youth sports, the Charter School will require both coaches and participants to undergo screening protocol, as stated in section 2 of this policy.
 - All youth sporting events, including tournaments, events or competitions are not permitted at this time. Practice games among players of the same team (intra-squad games, scrimmages, and/or matches) are allowed for non-contact sports only. Non-contact sports include those sports that allow all players in the game, scrimmage or match to maintain an 8-foot distance between one another during competition (for example, singles tennis matches, golf matches, some track and field events).
 - To the maximum extent practicable, players are encouraged to bring their own equipment.
 - Locker Rooms: The Charter School will enforce physical distancing in locker rooms by offering locker room access only when staff supervision is available so as to stagger locker room access, as well as by creating alternative storage solutions for students' clothing, books, and other necessary items. All Charter School students must maintain six (6) feet of social distancing while using locker rooms.
- College Admissions Testing on Charter School campuses:
 - Charter Schools may administer college admissions testing (i.e., SAT, PSAT, ACT).
 - If a Charter School administers college admissions testing, the Charter School will ensure that students are appropriately cohorted for the entire duration of the testing.

- College admissions testing cohorts will consist of no more than 12 students in each classroom, with a distance of at least six (6) feet between students and between students and teachers/test proctors.
- The Charter School will also ensure proper physical distancing and infection control throughout the duration of any college admissions testing, including:
 - All students and staff involved in college admission testing shall wear face coverings during the entire time they are present on the Charter School campus.
 - Gatherings at arrival times, dismissal times, and break times are prohibited.
- The Charter School will consider and implement where practicable any teaching methods designed to encourage and promote physical distancing.

13. Physical distancing (buses): The Charter School will incorporate CDE guidance with respect to physical distancing between students on buses (if bus transportation is provided).

- The Charter School will limit the total number of students on each bus. Younger students and students with disabilities will be given highest priority.
- Seats on buses will be marked to require students to provide physical distancing on buses. Seating will be staggered in accordance with CDE guidance.
- The Charter School will allow a maximum of one child per bus seat. When feasible, the Charter School will also use alternating rows on such busses.
- All persons on Charter School busses, including students, are required to wear face masks at all times.
- If feasible, consistent with air quality and ride safety, Charter School busses will attempt to keep bus windows open.

14. Use of face coverings: The Charter School will follow CDPH, CDE and CDC guidance and state and local health orders on the use of face coverings. All staff are encouraged to review the CDPH and CDC guidance on cloth face coverings; face coverings must be used in accordance with CDPH Guidelines and this Policy unless a person is exempt as explained in this Policy, particularly in indoor environments, on school buses, and areas where physical distancing alone is not sufficient to prevent disease transmission.

- Until such time as the statewide order is lifted, all individuals two years of age and older adults must wear a cloth face covering at all times while on campus, except while actively eating or drinking.

- Staff excluded from this requirement are those that require respiratory protection according to Cal/OSHA standards.
- Employees should wear a clean face mask to work every day.
- Employees should avoid touching the mask and should wash their hands frequently, including after removing the mask.
- Employees are expected to teach and reinforce proper use of face coverings, and in limited circumstances, face shields.
- Teachers may use clear plastic face shields with an appropriate seal (cloth covering extending from the bottom edge of the shield and tucked into the shirt collar) in certain limited situations in the classroom to enable students to see their faces and avoid potential barriers to phonological instruction as long as the wearer maintains physical distance from others, to the extent practicable. Staff must return to wearing a face covering outside of the classroom.
- The Charter School will post signs regarding the proper use, removal, and washing of face coverings.
- The Charter School will post signs to remind employees that CDC recommends maintaining social distancing of at least six (6) feet, and that the State of California currently requires face masks to be worn in public settings with certain limited exceptions.
- All students who are not prevented from doing so by a breathing problem or disability shall wear a clean cloth face covering:
 - While waiting to enter the school campus.
 - In any area outside of the classroom (except when eating or drinking).
 - While leaving school.
 - While waiting for or riding on a school bus.
- Elementary school students over the age of two must wear a cloth face covering while on campus, except while actively eating or drinking. A face shield may be an acceptable alternative for children in this cohort who cannot wear a face mask properly.
- ~~in grades TK-2 are strongly encouraged, but are not required, to wear a cloth face covering within their stable classroom cohort. A face shield is an acceptable alternative for children in this cohort who cannot wear a face mask properly.~~
- ~~Students in grades 3 and above are required use cloth face coverings when in the classroom even if they are in a stable classroom cohort.~~
- Proper use of cloth face coverings by students will be strictly enforced. The Charter School will exclude from campus who refuses to wear a face mask. Students excluded from face covering requirements include anyone who has trouble breathing or is unconscious, incapacitated, or otherwise unable to remove the covering without assistance.

- The Charter School shall educate students, particularly younger elementary school students, on the rationale and proper use of face coverings.
- A cloth face covering or face shield may be removed for meals, snacks, naptime, or outdoor recreation, or when it needs to be replaced. When a cloth face covering is temporarily removed, it should be placed in a clean paper bag (marked with the student's name and date) until it needs to be put on again.
- The Charter School will provide face coverings for students and staff who lose their face coverings or forget to bring them to school.
- For Charter School staff working with sick children or with children who are precluded from wearing a cloth face covering due to a medical condition, the Charter School will provide a medical grade face mask to that employee.
- Employees working in a cubicle must wear a face covering.

15. Use of gloves and PPE: The Charter School requires employees to wear gloves and other Personal Protective Equipment (“PPE”) in accordance with the following standards.

- The Charter School will provide surgical masks, face shields, and disposable gloves for employees engaging in Wellness and Temperature Screenings.
- Workers or other persons handling or serving food must use gloves in addition to cloth face coverings.
- The Charter School will provide a clear plastic barrier or face covering and disposable gloves for front office and food service employees.
- The Charter School will provide equipment and PPE to custodial staff for cleaning and disinfecting, including:
 - For regular surface cleaning, gloves appropriate for all cleaning and disinfecting.
 - For classified staff engaged in deep cleaning and disinfecting, proper PPE for COVID-19 disinfection (disposable gown, gloves, eye protection, and mask or respirator) in addition to PPE as required by product instructions.
 - All cleaning and disinfecting products must be kept out of children's reach and stored in a space with restricted access.
- As required by Cal/OSHA, the Charter School will provide training on the proper use of PPE to protect employees from the hazards of the cleaning products used.
- Employees must wash hands after removing gloves.

16. Support for Students at Increased Risk of Becoming Infected or Unrecognized Illness:

- The Home Office COVID-19 Response Team or designee will review student health plans, including 504 Plans, to identify students who may need additional accommodations to minimize potential exposure.
- The Home Office COVID-19 Response Team or designee will develop a process for engaging families for potentially unknown concerns that may need to be accommodated.
- The Charter School will identify additional preparations for classroom and non-classroom environments as needed to ensure the safety of students at increased risk of becoming infected or having unrecognized illness. Persons who might be at increased risk of becoming infected or having unrecognized illness include the following:
 - Individuals who have limited mobility or require prolonged and close contact with others, such as direct support providers and family members;
 - Individuals who have trouble understanding information or practicing preventive measures, such as hand washing and physical distancing; and
 - Individuals who may not be able to communicate symptoms of illness.

17. Maintaining Healthy Operations: The Charter School will follow all Orange, Los Angeles, and San Diego County Public Health Orders and CDPH Guidance for maintaining healthy operations, including the following practices.

- Monitor on a weekly basis, COVID-19 guidance from CDPH, and County Offices of Education.
- Monitor staff absenteeism and have a roster of trained back-up staff where available.
- Monitor the types of illnesses and symptoms among your students and staff to help isolate them promptly as needed.
- Designate a staff liaison or liaisons to be responsible for responding to COVID-19 concerns. Workers should know who they are and how to contact them. The liaison should be trained to coordinate the documentation and tracking of possible exposure, in order to notify local health officials, staff and families in a prompt and responsible manner.
- Maintain communication systems that allow staff and families to self-report symptoms and receive prompt notifications of exposures and closures, while maintaining confidentiality, as required by FERPA and state law related to privacy of educational records.
- Implement routine COVID-19 surveillance testing of staff and students as directed by local county health officers and pursuant to CDPH guidance. Encourage students and families to receive testing from community testing sites before returning to school for in-person instruction and regularly while attending school in person.

- Support students who are at higher risk for severe illness or who cannot safely distance from household contacts at higher risk, by providing options such as virtual learning or independent study.

18. Protection of higher risk employees:

- The Charter School recognizes that older adults and people of any age who have serious underlying medical conditions are at higher risk for severe illness from COVID-19.²¹
- Consistent with operational needs, the Charter School shall support options to telework, if available and reasonable.
- The Charter School shall attempt to limit vulnerable employees' duties to minimize their contact with visitors and other employees.

19. COVID-19 Vaccinations:

- Pursuant to CDPH guidance, the Charter School will strongly recommend that all person eligible to receive COVID-19 vaccines at the first opportunity.

20. Communications to the Charter School community:

- The Charter School will engage with families and staff to develop strategies to prepare and respond to the COVID-19 emergency, including guidelines for families about when to keep students home from school and other topics.
- Communications will include a process for engaging families for potentially unknown concerns that may need to be accommodated.
- Beginning January 25, 2021, every Charter School campus shall notify the CDPH whether it is serving students in person.
 - The Charter School will provide and report the following information:
 - In-person instruction is being provided full-time, and for specific grades,
 - In-person instruction is being provided part-time (hybrid model),
 - In-person instruction only being provided on cohort basis, or
 - No in-person instruction is being provided.
 - Reporting must continue every other Monday. Reporting can be completed on the

²¹ This includes employees with any one or more of the following high-risk factors: age 65 years and older, chronic lung disease, moderate to severe asthma, serious heart conditions, immune deficiency, severe obesity (body mass index of 40 or higher), diabetes, chronic kidney disease undergoing dialysis, or liver disease.

Safe Schools for All Hub.

- Prior to the start of the school year, the Charter School will communicate to staff, students, and parents about new, COVID-19-related protocols, including:
 - Enhanced sanitation practices
 - Physical distancing requirements and recommendations
 - Proper use, removal and washing of face coverings.
 - Screening practice.
 - How COVID-19 is spread.
 - COVID-19 specific symptom identification.
 - Preventing the spread of COVID-19 if you are sick, including the importance of not coming to work if staff members have symptoms, or if they or someone they live with has been diagnosed with COVID- 19, including pertinent isolation and quarantine policies.
 - Local community testing sites and options for obtaining COVID-19 testing from private medical providers, including any testing arranged by the Charter School.
 - Guidelines for employees regarding COVID-19 specific symptom identification and when to seek medical attention
 - Guidelines for families about when to keep students home from school.
 - Systems for self-reporting symptoms.
 - Criteria and plan to close schools again for physical attendance of students.
 - Changes in Charter School extracurricular, academic, and meal programs to help prevent the spread of COVID-19.
 - Charter School policies regarding parental visits to Charter School campuses, reiterating options for contacting the school remotely.
 - Contact information at the Charter School for students who may have been exposed to COVID-19.
 - Charter School contact information if a student has COVID-19 symptoms or may have been exposed to COVID-19.
- The Charter School will train staff and students on protocols for physical distancing for both indoor and outdoor spaces.
- The Charter School will provide information to parents and guardians regarding this Policy and related guidance, along with the safety measures that will be in place in indoor and outdoor settings with which parents and guardians must comply.
- COVID-19 protocol will be posted at all public entrances to the Charter School campus.
- Communications will be targeted to the most vulnerable members of the Charter School community.

- The Charter School will develop a communications plan for implementation if the school has a positive COVID-19 case in accordance with CDPH and CDE guidelines.

The MPS CEO/Superintendent is authorized to implement changes or additions to this policy in order to ensure compliance or consistency with new or revised orders or guidance from local, county, state or federal authorities (“Agencies”), to take any and all actions consistent with orders and guidance from the Agencies that is not specifically addressed by this policy, and to ensure compliance with the Charter School’s charter petition. The MPS CEO/Superintendent shall provide the Board with regular updates as to actions taken pursuant to this section.



INJURY AND ILLNESS PREVENTION PROGRAM (“IIPP”) COVID-19 ADDENDUM

California employers are required to establish and implement an Injury and Illness Prevention Program (IIPP) to protect employees from all worksite hazards, including infectious diseases.

Charter School has adopted this addendum to accommodate reopening school for in-person instruction in accordance with the **COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year** ~~Framework for Reopening K-12 Schools~~ from the California Department of Public Health (CDPH). This document additionally complies with the temporary Cal/OSHA regulations issued November 30, 2020 which require a “written COVID-19 prevention plan.” Resumption of in-person instruction presumes that the Charter School has complied with all applicable requirements pursuant to California’s Blueprint for a Safer Economy Program, as well as the “Safe Schools for All Plan.” Charter School and worksite administrators should coordinate with state and local health officials to obtain timely and accurate information about the level of disease transmission in the local community before resuming any on-site work practices. Local conditions will influence the decisions that public health officials make regarding community-level strategies. ~~Resumption of in-person instruction presumes that the school operates in a county that has been removed from the state’s monitoring list for 14 days, but school and worksite administrators should coordinate with state and local health officials to obtain timely and accurate information about the level of disease transmission in the local community before resuming on-site work practices. Local conditions will influence the decisions that public health officials make regarding community-level strategies.~~

This addendum contains three parts. Part one contains background information regarding COVID-19, including known symptoms, emergency warning signs and high-risk factors. Part two provides guidelines for implementation of a COVID-19 Infection Control Plan, which includes short-term measures to implement while COVID-19 remains endemic in states and communities. Part three contains measures to maintain a healthy workforce until herd immunity in the population is achieved or the global incidence of COVID-19 comes under control.

Background

In November 2019, a novel coronavirus (SARS-CoV-2) was discovered in Wuhan, China, which was found to cause a viral respiratory illness (coronavirus disease 2019, or “COVID-19”) leading to severe injury and death in certain populations, particularly elderly persons and persons with underlying health conditions.

250 E. 1st Street Suite 1500, Los Angeles, CA 90012 | www.magnoliapublicschools.org

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. In response to the COVID-19 Pandemic, public health officers in many states and counties ordered all individuals to stay home or at their place of residence (i.e., “Shelter in Place”), except as needed to maintain continuity of operations of certain critical infrastructure sectors. Across the nation, public schools and most other government offices and private businesses were closed in order to slow the spread of the coronavirus in the community. Many states and localities have now commenced phased reopening. ~~COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. In response to the COVID-19 pandemic, public health officers in many states and counties ordered all individuals to stay home or at their place of residence (i.e., “Shelter in Place”), except as needed to maintain continuity operations of certain critical infrastructure sectors. Across the nation, public schools and most other government offices and private businesses were closed in order to slow the spread of the coronavirus in the community. Many states and localities have now commenced phased reopening.~~

In 2020, the CDC identified the following symptoms of COVID-19, which typically appear within 2-14 days after exposure to the virus:

- Fever or chills
- Cough
- Shortness of breath or difficulty breathing
- Fatigue
- Muscle or body aches
- Headache
- New loss of taste or smell
- Sore throat
- Congestion or runny nose
- Nausea or vomiting
- Diarrhea

The CDC also recommends that, if a person shows any of the following emergency warning signs, * he or she should seek emergency medical care immediately:

- Trouble breathing
- Persistent pain or pressure in the chest
- New confusion
- Inability to wake or stay awake
- Bluish lips or face

*Please note that this is not a complete list of all possible symptoms. Anyone experiencing any other symptoms that are severe or concerning should contact a medical provider.

Certain people are at higher risk for severe illness from COVID-19, including:

- People 65 years and older
- People who live in a nursing home or long-term care facility
- People of all ages with underlying medical conditions, particularly if not well controlled,

including:

- People with chronic lung disease or moderate to severe asthma
- People who have serious heart conditions
- People who are immunocompromised
 - Many conditions can cause a person to be immunocompromised, including cancer treatment, smoking, bone marrow or organ transplantation, immune deficiencies, poorly controlled HIV or AIDS, and prolonged use of corticosteroids and other immune weakening medications
- People with severe obesity (body mass index [BMI] of 40 or higher)
- People with diabetes
- People with chronic kidney disease undergoing dialysis
- People with liver disease

Decisions to resume operations should be based on both the level of disease transmission in the community and the capacity to protect the safety and health of staff and students at each school site. By providing guidelines for the design of a control plan for COVID-19, part two of this addendum is intended to allow for the resumption of school by implementing measures to prevent and slow the spread of COVID-19 within the workplace.

COVID-19 Infection Control Plan

Before resuming normal or phased school activities after a Shelter in Place order is lifted, prepare and implement a COVID-19 preparedness, response, control and prevention plan (i.e., COVID-19 Infection Control Plan). Federal, state, and local public health communications must be monitored to keep up with information available about COVID-19 regulations, guidance, and recommendations, to ensure that workers have access to the timeliest information.

1. Design, implement, update and maintain a COVID-19 Infection Control Plan:

The overall goal of the COVID-19 Infection Control Plan is to decrease the spread of COVID-19 and lower the impact of the disease in the workplace. This includes the following objectives:

- Prevent and reduce transmission among employees;
- Maintain healthy school operations; and
- Maintain a healthy work environment.

All site administrators should implement and update as necessary a control plan that:

- Is specific to your workplace;
- Identifies all areas and job tasks with potential exposures to COVID-19; and
- Includes control measures in this policy to eliminate or reduce such exposures.

COVID-19 Infection Control Plans should consider that employees may be able to spread COVID-19 even if they do not show symptoms, which is a source of anxiety in the workforce, particularly among higher-risk individuals. Therefore, it is important to have discussions with workers about planned changes and seek their input. Additionally, collaboration with workers to effectively communicate important COVID-19 information.

2. Adjust operations to slow the spread:

- Employees who have COVID-19 symptoms should notify their supervisor and stay home as directed.
- Sick employees should follow CDC-recommended steps for self-quarantine. Employees should not return to work until the criteria to discontinue home isolation are met, in consultation with their supervisor, local health departments and healthcare providers.
- Employees who appear to have symptoms upon arrival at work or who become sick during the day should immediately be separated from other employees, students, and visitors, and sent home.
- Adopt a procedure for the safe transport of an employee who becomes sick while at work. The employee may need to be transported home or to a healthcare provider.
- Employees who are well but who have a sick family member at home with COVID-19 should notify their supervisor and follow CDC-recommended precautions.
- If implementing in-person health checks, conduct them safely and respectfully. Protect the screener using social distancing, barrier or partition controls, or personal protective equipment (“PPE”). However, reliance on PPE alone is a less effective control and is more difficult to implement, given PPE shortages and training requirements.
- Complete the health checks in a way that helps maintain social distancing guidelines, such as providing multiple screening entries into the building.
- Follow guidance from the Equal Employment Opportunity Commission regarding confidentiality of medical records from health checks.
- To prevent stigma and discrimination in the workplace, make employee health screenings as private as possible. Do not make determinations of risk based on race or country of origin or any other protected characteristics, and be sure to maintain confidentiality of each individual’s medical status and history.

3. Conduct a Workplace Hazard Assessment:

The purpose of a hazard assessment of the workplace is to identify where and how workers might be exposed to COVID-19 at work. Combinations of controls from the hierarchy of controls are used to limit the spread of COVID-19 (see Controls Table in Appendix A). These include engineering controls, workplace administrative policies, and personal protective equipment (PPE) to protect workers from the identified hazards.

- Conduct a thorough hazard assessment to determine if workplace hazards are present, or are likely to be present, and determine what type of controls are needed for specific job duties, including:
 - Evaluating potential workplace exposures which employees or other persons at the Charter School campus may encounter.
 - Evaluating places where Charter School employees or others may congregate on campus, such as hallways, bathrooms, and break rooms.
 - Reviewing and incorporating all applicable federal, state, and local public health guidance related to COVID-19, as well as any other industry-specific guidance.
 - From time to time, evaluate existing COVID-19 health and safety measures to determine whether additional or different measures are necessary.
 - Periodically conduct inspections to identify any potential COVID-19 unhealthy conditions, work practices, procedures, and to ensure compliance with all COVID-19 health and safety measures.
 - Encouraging employees and their exclusive representative, if any, to participate and assist the Charter School in identifying and evaluating potential COVID-19 workplace hazards. The School will do so by:
 - Before implementing this plan, the School will consult with employees' exclusive representatives and coordinate a virtual safety meeting in February 2021. At the safety meeting, the School will discuss the components of the COVID-19 Prevention Plan with employees and exclusive representatives. The School will additionally seek input from employees and exclusive representatives regarding potential COVID-19 hazards. In advance of the virtual safety meeting, employees and exclusive representatives are encouraged to consider areas on campus which they believe pose a high-risk of COVID-19 transmission, as well as activities on campus that are difficult to complete while complying with all health and safety guidance.
 - In consultation with employees' exclusive representatives, the School will create a rotating team of employees to participate in hazard assessments on campus. These assessments will occur virtually to the greatest extent practicable. These assessments will occur weekly. All employees are encouraged to volunteer for participation in hazard assessments, and the School will rotate teams of employees, ensuring all groups of School personnel are equally represented to the greatest extent possible.
 - If employees and/or exclusive representatives have specific COVID-19 hazard concerns, they may contact the school site principals (Chief Compliance Officer) to discuss such concerns, who may be reached at:

| School Name | School Site Principal | Phone Number |
|------------------------------------|-----------------------|--------------|
| Magnolia Science Academy-1 | Mustafa Sahin | 818-609-0507 |
| Magnolia Science Academy-2 | David Garner | 818-758-0300 |
| Magnolia Science Academy-3 | Zekeriya Ocel | 310-637-3806 |
| Magnolia Science Academy-4 | Musa Avsar | 310-473-2464 |
| Magnolia Science Academy-5 | Brad Plonka | 818-705-5676 |
| Magnolia Science Academy-6 | John Terzi | 310-842-8555 |
| Magnolia Science Academy-7 | Meagan Wittek | 818-886-0585 |
| Magnolia Science Academy-8 | Jason Hernandez | 323-826-3925 |
| Magnolia Science Academy-Santa Ana | Steven Keskindurk | 714-479-0115 |
| Magnolia Science Academy-San Diego | Gokhan Serce | 619-644-1300 |
| MPS Home Office | Suat Acar | 213-628-3634 |

- If a hazard assessment reveals any potential COVID-19 hazards, the Charter School will immediately act to correct the hazard. The school site principal (Chief Compliance Officer) will be responsible for responding to and correcting any potential COVID-19 hazards.
- When engineering and administrative controls cannot be implemented or are not fully protective:
 - Determine what PPE is needed for each workers' specific job duties,
 - Select and provide appropriate PPE to the workers at no cost, and
 - Train their workers on its correct use.
- ~~Until lifted, the Governor has ordered that all workers must wear a cloth face covering at work if the hazard assessment has determined that they do not require PPE (such as a respirator or medical facemask) for protection.~~
 - ~~A cloth face covering contains the wearer's respiratory droplets to help protect their co-workers and others.~~
 - ~~Cloth face coverings are not considered PPE. They help prevent those who do not know they have the virus from spreading it to others, but do not offer the same level of protection for wearers from exposure to the virus that causes COVID-19 as PPE.~~
- ~~Remind employees that CDC recommends wearing cloth face coverings in public settings~~

Updated on 01/28/2021

where other social distancing measures are difficult to maintain, especially in areas of significant community based transmission. Wearing a cloth face covering, however, does not replace the need to practice social distancing.

4. Take action if an employee is suspected or confirmed to have COVID-19 infection:

Current Cal/OSHA Regulations

- Effective immediately, upon one (1) “COVID-19 case”¹ in the workplace, the Charter School will:
 - Investigate the COVID-19 case, determine the day and time the COVID-19 case was last present on the Charter School campus, the date of the positive test and/or diagnosis, and the date the case has one (1) or more COVID-19 symptoms, if any.
 - Investigate whether other Charter School employees or any other third parties may have had a COVID-19 exposure by evaluating the activities of the COVID-19 case at the Charter School campus during the “high-risk exposure period”².
 - Give notice of potential exposure, within one (1) business day, and without revealing any personal identifying information³ of the COVID-19 case, to:
 - 1) All employees and their authorized representatives, if any, who may have had COVID-19 exposure, and
 - 2) Independent contractors and other employers present at the workplace during the high-risk exposure period.
 - Offer testing for COVID-19 to all employees with potential COVID-19 exposure in the workplace, at no charge and during working hours, as well as:
 - Information regarding COVID-19-related benefits under all applicable federal, state, and local laws, as well as potential salary continuation rights during any period of exclusion due to the COVID-19 exposure.
 - Investigate the potential that workplace conditions contributed to the risk of COVID-19 exposure, as well as remedial steps that could have been taken to reduce the risk of COVID-19 exposure.
- Effective immediately, and pursuant to current Cal/OSHA regulations:
 - All employees with COVID-19 exposure shall be excluded from the Charter School campus for fourteen (14) days from the last known exposure to a COVID-19 case.
 - Charter School employees with confirmed COVID-19 must not return to the Charter School campus as follows⁴:

¹ Cal/OSHA regulations define a “COVID-19 case” as a person who: 1) Has a positive COVID-19 test, 2) is subject to a COVID-19 related order to isolate issued by a local health department or state health official, or 3) has died due to COVID-19, in the determination of a local health department or per inclusion in the COVID-19 statistics of a county.

² “High-risk exposure period” is defined by Cal/OSHA as: 1) For individuals with COVID-19 symptoms, from two (2) days before the symptoms first develop until ten (10) days after symptoms first appeared, and 24 hours have passed with no fever, without the use of fever-reducing medications, and symptoms have improved; or 2) for asymptomatic individuals who test positive for COVID-19, from two (2) days before until ten (10) days after the first positive COVID-19 test specimen was collected.

³ All personally identifying information related to COVID-19 cases or those with COVID-19 symptoms shall be kept confidential. However certain information may be provided to public health authorities, as required by law.

⁴ The Charter School will not require a negative test prior to an employee returning to work. 8 CCR 3505(c)(11)(D).

schoolsite.

Upon receipt of a “notice of potential exposure,” the Charter School must take the following actions within one (1) business day of the notice:

- (a) Provide a written notice to all employees who were on the premises in the same worksite⁶ as the qualifying individual⁷ within the infectious period⁸ that they may have been exposed to COVID-19.⁹
- (b) Provide a written notice to the exclusive representative, if any, of the above employees.¹⁰
- (c) Provide all employees who may have been exposed and the exclusive representative, if any, with information regarding COVID-19-related benefits to which employees may be entitled under applicable federal, state, or local laws.
 - Information regarding COVID-19-related benefits includes, but is not limited to, workers’ compensation, and options for exposed employees, including COVID-19-related leave, Charter School sick leave, state-mandated leave, supplemental sick leave, or negotiated leave provisions, as well as antiretaliation and antidiscrimination protections applicable to employees.
- (d) Notify all employees, and the employers of subcontracted employees and the exclusive representative, if any, on the disinfection and safety plan that the employer plans to implement and complete per the guidelines of the federal Centers for Disease Control.

Records of the above notices must be retained for a minimum of three (3) years.

Effective January 1, 2021 the school must also take the following responses in the event of a COVID-19 “outbreak,” as defined by CDPH:

- Within forty-eight (48) hours, the Chief Executive Officer or designee shall notify the county public health department of the names, number, occupation, and worksite of employees who meet the definition of a qualifying individual.¹¹

⁶ The “worksites” does not include buildings, or floors within multistory buildings, that a qualifying individual did not enter. If the Charter School operates multiple worksites, the school must only notify employees who worked at the same worksite as the qualified individual. (Labor Code § 6409.6, subd. (d)(5).)

⁷ A “qualifying individual” means (a) a laboratory-confirmed case of COVID-19, as defined by the State Department of Public Health; (b) a positive COVID-19 diagnosis from a licensed health care provider; (c) a COVID-19-related order to isolate provided by a public health official; (d) died due to COVID-19, in the determination of a county public health department or per inclusion in the COVID-19 statistics of a county. (Labor Code § 6409.6, subd. (d)(4).)

⁸ The “infectious period” means the time a COVID-19-positive individual is infectious, as defined by the State Department of Public Health. (Labor Code § 6409.6, subd. (d)(2).)

⁹ Written notice must be provided in the same manner that the Charter School ordinarily uses to communicate employment-related information. Written notice may include, but is not limited to, personal service, email, or text message if it can reasonably be anticipated to be received by the employee within one business day of sending and shall be in both English and the language understood by the majority of the employees.

¹⁰ Written notice to the exclusive representative must contain the same information as required in an incident report in a Cal/OSHA Form 300 injury and illness log unless the information is inapplicable or unknown to the school. This requirement does not apply if the school’s employees do not have an exclusive representative.

¹¹ A “qualifying individual” means (a) a laboratory-confirmed case of COVID-19, as defined by the State Department of Public Health; (b) a positive COVID-19 diagnosis from a licensed health care provider; (c) a COVID-19-related order to isolate provided by a public health official; (d) died due to COVID-19, in the determination of a county public health department or per inclusion in the COVID-19 statistics of a county. (Labor Code § 6409.6, subd. (d)(4).)

- The Chief Executive Officer of designee shall also report the address and NAICS code of the worksite where the qualifying individuals work.
- Additional notice will be provided of any subsequent laboratory-confirmed cases of COVID-19 at the worksite.

Other Relevant Public Health Guidance

Specific guidelines for responding to suspected and confirmed cases of COVID-19 in schools are also found in the COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year, issued January 14, 2021. In most cases, you do not need to shut down the facility. If it has been less than seven (7) days since the sick employee has been in the facility, close off any areas used for prolonged periods of time by the sick person:

- Wait twenty-four (24) hours before cleaning and disinfecting to minimize potential for other employees being exposed to respiratory droplets. If waiting twenty-four (24) hours is not feasible, wait as long as possible.
- During this waiting period, open outside doors and windows to increase air circulation in these areas.

If it has been seven (7) days or more since the sick employee used the facility, additional cleaning and disinfection is not necessary. Continue routinely cleaning and disinfecting all high-touch surfaces in the facility.

Follow the CDPH and CDC cleaning and disinfection recommendations:

- Clean dirty surfaces with soap and water before disinfecting them.
- To disinfect surfaces, use products that meet EPA criteria for use against SARS-Cov-2, the virus that causes COVID-19, and are appropriate for the surface.
- Always wear gloves and other PPE appropriate for the chemicals being used when you are cleaning and disinfecting.
- You may need to wear additional PPE depending on the setting and disinfectant product you are using. For each product you use, consult and follow the manufacturer's instructions for use.

Determine which employees may have been exposed to the virus and may need to take additional precautions:

- Inform employees of their possible exposure to COVID-19 in the workplace but maintain confidentiality as required by the Americans with Disabilities Act (ADA).
- Follow the public health recommendations for community-related exposure and instruct potentially exposed employees to stay home for fourteen (14) days, or such period as established by local health order, telework if possible, and self-monitor for symptoms.
- ~~Specific guidelines for responding to suspected and confirmed cases of COVID-19 in schools are found in the Framework for Reopening K-12 Schools released by the CDPH on July 17, 2020. In most cases, you do not need to shut down the facility. If it has been less than 7 days since the sick employee has been in the facility, close off any areas used for prolonged periods of time by the sick person:~~

~~Wait 24 hours before cleaning and disinfecting to minimize potential for other employees being exposed to respiratory droplets. If waiting 24 hours is not feasible, wait as long as possible.~~

During this waiting period, open outside doors and windows to increase air circulation in these areas.

If it has been 7 days or more since the sick employee used the facility, additional cleaning and disinfection is not necessary. Continue routinely cleaning and disinfecting all high touch surfaces in the facility.

Follow the CDPH and CDC cleaning and disinfection recommendations:

Clean dirty surfaces with soap and water before disinfecting them.

To disinfect surfaces, use products that meet EPA criteria for use against SARS-Cov-2, the virus that causes COVID-19, and are appropriate for the surface.

Always wear gloves and other PPE appropriate for the chemicals being used when you are cleaning and disinfecting.

You may need to wear additional PPE depending on the setting and disinfectant product you are using. For each product you use, consult and follow the manufacturer's instructions for use.

Determine which employees may have been exposed to the virus and may need to take additional precautions:

Inform employees of their possible exposure to COVID-19 in the workplace but maintain confidentiality as required by the Americans with Disabilities Act (ADA).

Follow the Public Health Recommendations for Community-Related Exposure and instruct potentially exposed employees to stay home for 14 days, or such period as established by local health order, telework if possible, and self-monitor for symptoms.

Measures to Maintain Healthy Ongoing School Operations

- 1. Identify a workplace coordinator.** The School Compliance Task Force Team will be responsible for COVID-19 issues and their impact at the workplace.
- 2. Protect employees at higher risk for severe illness through supportive policies and practices.** Older adults and people of any age who have serious underlying medical conditions are at higher risk for severe illness from COVID-19.
 - Provide options to telework, if available and reasonable.
 - Offer vulnerable workers duties that minimize their contact with students and other employees, if the worker agrees to this.
 - Offer flexible options such as telework to employees where available and reasonable to eliminate the need for employees living in higher transmission areas to travel to workplaces in lower transmission areas and vice versa.
- 3. Communicate supportive workplace policies clearly, frequently, and via multiple methods.** Employers may need to communicate with non-English speakers in their preferred languages.
 - Train workers on how implementing any new policies to reduce the spread of COVID-19

Updated on 01/28/2021

may affect existing health and safety practices.

- Communicate to any contractors or on-site visitors about changes that have been made to help control the spread of COVID-19. Ensure that they have the information and capability to comply with those policies.
- Create and test communication systems that employees can use to self-report if they are sick and that you can use to notify employees of exposures and closures.
- Use a hotline or another method for employees to voice concerns anonymously. They may call the Home Office hotline line 213-293-7068. Consistent with the Employee Handbook and all applicable policies, the Charter School will not tolerate discrimination, harassment, or retaliation against any employee who reports COVID-19 symptoms or hazards.

4. Establish policies and practices for social distancing. Where possible and reasonable, alter your workspace to help workers and students maintain social distancing and physically separate employees from each other and from students, such as:

- Implement flexible worksites (e.g., telework).
- Implement flexible work hours (e.g., rotate or stagger shifts to limit the number of employees in the workplace at the same time).
- Increase physical space between employees at the worksite by modifying the workspace.
- Increase physical space between employees and students (e.g., physical barriers such as partitions).
- Use signs, tape marks, or other visual cues such as decals or colored tape on the floor, placed 6 feet apart, to indicate where to stand when physical barriers are not possible.
- Implement flexible meeting and travel options (e.g., postpone non-essential meetings or events in accordance with state and local regulations and guidance).
- Close or limit access to common areas where employees are likely to congregate and interact.
- Prohibit handshaking.
- Deliver services remotely (e.g., phone, video, or web).
- Adjust school practices to reduce close contact with and among students — for example, by using larger formal spaces (e.g., auditoriums) or outdoor areas for instruction.
- When it is not possible to maintain a distance of at least six (6) feet, individuals shall be as far apart as possible.
 - In this situation, the Charter School will evaluate the need for additional eye protection and respiratory protection, consistent with CCR Title 8, section 5144.

5. Facial Coverings

- Until lifted, the CDPH has ordered that all persons must wear a cloth face covering at work if the hazard assessment has determined that they do not require PPE (such as a respirator or medical facemask) for protection.
 - A cloth face covering contains the wearer's respiratory droplets to help protect their co-workers and others.
 - Cloth face coverings are not considered PPE. They help prevent those who do not know they have the virus from spreading it to others, but do not offer the same level of protection for wearers from exposure to the virus that causes COVID-19 as PPE.
- Remind employees that CDC recommends wearing cloth face coverings in public settings

where other social distancing measures are difficult to maintain, especially in areas of significant community-based transmission. Wearing a cloth face covering, however, does not replace the need to practice social distancing.

- As necessary, the Charter School will provide clean and undamaged face coverings.
- All face coverings must be worn, cleaned, and replaced as needed, and unless an applicable exception to wearing a facial covering applies, consistent with the Charter School's COVID-19 Health and Safety Policy.
- If an employee cannot wear a face covering, face shield with a drape, respiratory protection, or another effective alternative to a facial covering, the employee shall be kept at least six (6) feet apart from all other employees, students, and persons, unless the unmasked employee is tested at least twice per week for COVID-19. However, testing an employee twice per week is not an alternative to wearing a facial covering where otherwise required.

6. Engineering Controls

- To the maximum extent feasible, the Charter School will implement all appropriate actions to protect employees where six (6) feet of physical distancing cannot be maintained, consistent with the COVID-19 Health and Safety Policy, as well as this Plan.
- To the maximum extent feasible, the Charter School will ensure maximize the quantity of outside air in buildings or by natural ventilation systems, except when the United States EPA Air Quality Index is greater than one hundred (100) for any pollutant, or if opening windows or doors would cause additional hazards to employees.
- Conducting bimonthly inspections of the HVAC system.
- To the extent feasible, the Charter School will increase the filtration efficiency of its existing ventilations systems to the highest level that is safely allowable.

7. Give employees and students what they need to clean their hands and cover their coughs and sneezes:

- Provide tissues and no-touch trash cans.
- Provide soap and water in the workplace. If soap and water are not readily available, use alcohol-based hand sanitizer that is at least 60% alcohol. Ensure that adequate supplies are maintained. All employees are encouraged to wash their hands frequently and will be provided ample time to do so. Employees should wash their hands for at least twenty (20) seconds each time.
- To the extent feasible, dependent on a hazard assessment, and consistent with the Charter School's COVID-19 Health and Safety Plan, the Charter School will consider providing additional handwashing facilities.
- ~~Provide soap and water in the workplace. If soap and water are not readily available, use alcohol based hand sanitizer that is at least 60% alcohol. Ensure that adequate supplies are maintained.~~
- Ideally, place touchless hand sanitizer stations in multiple locations to encourage hand hygiene.
- Place posters that encourage hand hygiene to help stop the spread at the entrance to your workplace and in other workplace areas where they are likely to be seen. This should include signs for non-English speakers, as needed.
- Direct employees to visit CDC's coughing and sneezing etiquette and clean hands webpage

Updated on 01/28/2021

for more information.

8. Limit Sharing of Tools, Equipment, and PPE

- The Charter School will not allow any employees, students, or any other persons to share any form of PPE, including but not limited to: Gloves, facial coverings, masks, and goggles.
- To the maximum extent feasible, the Charter School will prohibit the sharing of tools and equipment, including: Phones, headsets, desks, keyboards, and writing materials. Where sharing is required, the School will follow all cleaning and disinfection procedures, consistent with this Plan.
- On any Charter Schools busses or other vehicles which are otherwise shared, the high touch points such as steering wheels, seatbelt buckles, armrests, and seats will be disinfected between uses, consistent with this Plan.

9. Perform routine cleaning:

- Incorporate the Guidance for Cleaning and Disinfecting to develop, implement, and maintain a plan to perform regular cleanings to reduce the risk of exposure to COVID-19.
- Routinely clean and disinfect all frequently touched surfaces in the workplace, such as workstations, keyboards, telephones, handrails, and doorknobs.
 - If surfaces are dirty, clean them using a detergent or soap and water before you disinfect them in accordance with Healthy Schools Act protocols.
 - For disinfection, most common, EPA-registered, household disinfectants should be effective. A list of products that are EPA-approved for use against the virus that causes COVID-19 is available on the EPA website. Follow the manufacturer's instructions for all cleaning and disinfection products (e.g., concentration, application method, and contact time).
- Discourage workers from using each other's phones, desks, offices, or other work tools and equipment, when possible.
- Provide disposable disinfecting wipes so that employees can wipe down commonly used surfaces (e.g., doorknobs, keyboards, remote controls, desks, other work tools and equipment) before each use.
- Store and use disinfectants in a responsible and appropriate manner according to the label.
- Do not mix bleach or other cleaning and disinfection products together. This can cause fumes that could be very dangerous to breathe in.
- Advise employees to always wear gloves appropriate for the chemicals being used when they are cleaning and disinfecting and that they may need additional PPE based on the setting and product.

10. Perform enhanced cleaning and disinfection after persons suspected/confirmed to have COVID-19 have been in the facility:

- In the event of a suspected or confirmed COVID-19 case at the Charter School, the Charter School will determine all areas, materials, and equipment used by the case during the high-risk exposure period.
- Once identified, the Charter School will follow all CDC cleaning and disinfection recommendations of all pertinent areas.

Updated on 01/28/2021

- The Charter School custodian and a third-party custodial services vendor will work in conjunction to complete post-exposure cleaning and disinfection in accordance with CDC protocol and public health guidance.
- If a sick employee is suspected or confirmed to have COVID-19, follow the CDC cleaning and disinfection recommendations.

11. Minimize risk to employees when planning meetings and gatherings:

- Use videoconferencing or teleconferencing when possible for work-related meetings and gatherings.
- Cancel, adjust, or postpone large work-related meetings or gatherings that can only occur in-person in accordance with state and local regulations and guidance.
- When videoconferencing or teleconferencing is not possible, hold meetings in open, well-ventilated spaces continuing to maintain a distance of 6 feet apart and wear cloth face coverings.

12. COVID-19 Testing:

- Consistent with Cal/OSHA regulations, in the event of one (1) COVID-19 case, an outbreak¹², or a major outbreak at the Charter School campus, the Charter School will offer COVID-19 testing to employees with exposure at no charge, and during working hours.
- In the event of one (1) COVID-19 case in the workplace, COVID-19 testing will be offered to all employees who have had potential COVID-19 exposure.
- In the event of a COVID-19 outbreak pursuant to Cal/OSHA regulations:
 - The Charter School must provide testing to all employees who were present in the exposed workplace.
 - Pursuant to Cal/OSHA regulations, “employees in the exposed workplace shall be tested and then tested again one week later.”¹³
 - After the first two (2) COVID-19 tests, the Charter School must provide continuous COVID-19 testing of employees remaining at the workplace at least once per week, until outbreak criteria are no longer met.
- In the event of a “major COVID-19 outbreak,”¹⁴ the Charter School will provide COVID-19 testing at least twice per week to all employees present at the exposed workplace during the thirty (30) day period, and who remain at the workplace. This testing regimen will continue until there are no new COVID-19 cases in the workplace for a fourteen (14) day period.
- Consistent with current Cal/OSHA regulations, the School will require certain frequencies of COVID-19 testing before allowing employees with COVID-19 exposure to return to campus.
- In the event that COVID-19 testing is mandated by Cal/OSHA regulations, all Charter School employees should be able to secure testing through their local county, free of charge and during working hours. The Charter School is currently working on arranging additional COVID-19 testing for all employees with a contracted testing vendor. As soon as more information is available, the Charter School will notify all employees as to further details

¹² An outbreak is defined by Cal/OSHA as one that is declared by the local public health department, or where there are three or more cases on campus within a 14-day period. 8 CCR §3205.1(a)(1).

¹³ 8 CCR §3205.1(b)(2)A).

¹⁴ Cal/OSHA defines a major outbreak as “20 or more COVID-19 cases in an exposed workplace within a 30-day period.”

- If COVID-19 is not mandated by Cal/OSHA regulations, but testing is otherwise needed, employees may procure testing, likely free of charge, through their local county or from their health provider.
- Any employees who have questions regarding COVID-19 testing may contact the MPS Human Resources Department at hr@magnoliapublicschools.org.

Record Keeping and Availability of Plan

- The Charter School will maintain records of the steps taking to implement this Plan for at least one (1) year, consistent with 8 CCR §3202(b).
- This Plan shall be made available at the workplace to all Charter School employees, authorized representatives, and Cal/OSHA representatives immediately upon request.
- The Charter School will track all COVID-19 cases, by keeping a record of the employee's name, contact information, occupation, location where the employee worked, the date of the last day at the workplace, and the date of a positive COVID-19 test. Medical information shall be kept confidential. The information shall be made available to employees, authorized employee representatives, or as otherwise required by law, with personal identifying information removed.

The CEO/Superintendent is authorized to implement changes or additions to this addendum in order to ensure compliance with new or revised orders or guidance from local, county, state or federal authorities (“Agencies”) and/or the facts of a specific circumstance, and to take any and all actions consistent with orders and guidance from the Agencies that is not specifically addressed by this policy. The CEO/Superintendent shall provide the Board with regular updates as to actions taken pursuant to this section.

Appendix A

Controls Table

The following table presents examples of controls to implement in the workplace. The most effective controls are those that rely on engineering solutions, followed by administrative controls, then PPE. PPE is the least effective control method and the most difficult to implement. Worksites may have to implement multiple complementary controls from these columns to effectively control the hazard.

| |
|--|
| Engineering (Facilities and Equipment) |
| <ul style="list-style-type: none"> • Assess job hazards for feasibility of engineering controls • Ensure ventilation and water systems operate properly • Alter office workspaces to maintain social distancing. Examples include: <ul style="list-style-type: none"> ○ Configure partitions as a barrier shield ○ Move electronic payment reader away from cashier in cafeteria ○ Use verbal announcements, signage, and visual cues to promote social distancing ○ Remove/rearrange furniture |
| Administrative |
| <p>Management and Communications</p> <ul style="list-style-type: none"> • Monitor state and local public health communications about COVID-19 • Require students who are ill to stay home • Encourage sick workers to report symptoms, stay home, and follow CDC guidance • Develop strategies to: <ul style="list-style-type: none"> ○ communicate with staff ○ manage staff concerns • Remind staff of available support services • Communicate to partners, suppliers, other contractors on policies and practices • Encourage social distancing and the use of cloth face coverings (if appropriate) in the workplace • Use technology to promote social distancing (e.g., telework and virtual meetings) • Cancel group events • Close/limit use of shared spaces • Consider policies that encourage flexible sick leave and alternative work schedules. • Schedule stocking during off-peak hours <p>Cleaning and Disinfection</p> <ul style="list-style-type: none"> • Clean and disinfect frequently touched surfaces, (e.g., counters, shelving, displays) • Provide employees with disposable disinfectant wipes, cleaner, or sprays that are effective against the virus that causes COVID-19 <p>Training</p> <p>Provide employees with training on:</p> <ul style="list-style-type: none"> • Symptoms, emergency warning signs and high-factors for COVID-19 • Policies to reduce the spread of COVID-19 |

- Information regarding COVID-19 transmission, including that COVID-19 “is an infectious disease that can be spread through the air when an infectious person talks, vocalizes, sneezes, coughs, or exhales; as well as that COVID-19 may be transmitted when a person touches a contaminated object and then touches their eyes, nose, or mouth; as well as that infectious people may have no symptoms.”
- COVID-19 related benefits under federal, state, and local law, including any potential benefits under current workers’ compensation laws, ~~the Families First Coronavirus Response Act (“FFCRA”)~~, the Charter School’s leave policies, and any other rights by contract or collective bargaining agreement.
- Information regarding the fact that particles containing the virus can travel more than six (6) feet, especially indoors; and thus, why social distancing, proper hygiene, and PPE are so important.
 - General hygiene
 - Cleaning and disinfection
 - Cloth face covers
 - Social distancing
 - Use of PPE
 - Safe work practices
 - Stress management

Personal Protective Equipment (PPE)

- Conduct workplace hazard assessment
- Determine what PPE is needed for their workers’ specific job duties based on hazards and other controls present
- Select and provide appropriate PPE to the workers at no cost, and train employees in the use of the PPE.

Cover Sheet

Description and Background of Covid-19 Testing Vendors Analysis

| | |
|--------------------------|---|
| Section: | III. Information/Discussion Items |
| Item: | A. Description and Background of Covid-19 Testing Vendors Analysis |
| Purpose: | Discuss |
| Submitted by: | |
| Related Material: | COVID-19 Testing Vendor Services Analysis.pdf |



| | |
|---------------------|---|
| Board Agenda Item # | III A: Information Item |
| Date: | March 11, 2021 |
| To: | Magnolia Board of Directors |
| From: | Alfredo Rubalcava, CEO & Superintendent |
| Staff Lead: | Derya Hajmeirza, Human Resources Director |
| RE: | COVID-19 Testing Vendor Analysis |

Information Item:

MPS reviewed and compared multiple COVID-19 testing vendors based on budget implications and scope of work. The following is a concise summary of the analyses.

Introduction

At the end of 2019, a virus called the CoronaVirus Disease (COVID-19) affected the nation in many ways. Due to the severe spread of this infectious disease, on March 13, 2020 all schools in the state of California were mandated to close as part of the efforts to mitigate the spread of the virus. Since then, all MPS schools have adjusted their academic programs through distance learning/remote instruction. In October 2020, MPS gradually started opening its campuses for in-person small group instruction and is currently working on initiating hybrid learning models. MPS continues to follow all local, state and federal authority guidelines in order to ensure a safe return for staff and students. MPS made all necessary personal protection equipment (PPE) purchases, including protective barriers, disinfecting/cleaning supplies and other essential materials needed to provide a safe learning and working environment for the MPS community upon reopening.

Background

Consistent with the board approved MPS Health & Safety Policy, the California “Safe Schools for All” Reopening Plan, and the current CA Department of Public Health (CDPH) guidance, MPS plans to conduct COVID-19 testing for both employees and students.

MPS Home Office met with multiple vendors to discuss their services. Based on the MPS needs, staff moved forward with a selected few to conduct a deeper analysis and discuss possible partnership with the following vendors; LAUSD, PMH, CoVerify, Valencia Branch Laboratory, and University of California, San Diego (UCSD).

Analysis

| COVID-19 VENDOR SERVICES ANALYSIS | | |
|--|---|---|
| VENDOR | SCOPE OF WORK | COST |
| LAUSD | <ul style="list-style-type: none"> - Turnaround time for test results is 18-48 hours - Nasal and saliva test through two different vendors - Daily Pass App for scheduling and reviewing test results - Testing is conducted as specified LAUSD sites - Extending hours at certain testing site locations, offering Saturday testing at specific sites, 5:00 am to 11:00 pm weekdays and 8:00 am to 8:00 pm on Saturdays | <ul style="list-style-type: none"> - \$250 per person student/staff |
| PMH | <ul style="list-style-type: none"> - PMH uses an online platform to directly report all COVID test results to all health entities, results are expected within 48-72 hours. - PCR (nasal swab) testing type - The tests will be administered at the school site by a licensed health practitioner assigned by PHM. - Is flexible and will work with a schedule that is needed to best serve the schools. - Regarding rescheduling missed appointments- depending on location, there are nurses all over and a nurse can be sent to administer the test "on the go". PMH can also provide extra testing kits in case of an outbreak and/or exposure | <ul style="list-style-type: none"> - \$100 after test is administered - No upfront cost or co-pay. If any test is non-reimbursable, PMH will charge after test is administered |
| COVERIFY | <ul style="list-style-type: none"> - Will report results to local health authority departments - SMS notification to faculty/staff/parents of students when test results are available - HIPAA compliant web portal for accessing results - Coverify administers the test at each MPS site with their own staff and material - MPS is responsible for setting up the testing area. | <ul style="list-style-type: none"> - \$45-55 RT-PCR Saliva Test - - Payment must be made up front. All tests for students and staff must be paid and then reimbursed. - Coverify will leverage all available options for reimbursements. - There is a one time administrative test fee of \$5,205 per site (over 400 students/staff) or \$3,325 per site (under 400 students/staff) |
| UCSD | <ul style="list-style-type: none"> - Turn around time for test results is 24-48 hours - Test Results are provided via a URL to the parent or directly to staff members. MPS admin will not have access to the results unless the patient directly screen shots the results to. - Appointments can be made via this URL for appointments - There are three different options. Drive | <ul style="list-style-type: none"> - Drive up is \$40 per test - Onsite testing conducted by UCSD is \$40 - Sister lab or self-administered on campus is \$28 per test |

| | | |
|----------------------------|---|---|
| | <p>thru, onsite testing, self administered</p> <ul style="list-style-type: none"> - Drive up is convenient since it is on staff's own time, they drive up to the university. - Self administered- MPS has to have a certified medical staff to order the kits, administer them and drop them off. - They only test every other week - They do not conduct any reimbursements or check insurance coverage | |
| <p>VALENCIA LAB</p> | <ul style="list-style-type: none"> - Turn around time for test results is 24-48 hours - Patients with positive test results who do not check their test results on the Color website will receive up to 10 autodial attempts from the state's clinical call center within 48 hours to ensure they receive their test results - MPS is responsible for the collection of the sample, setting up the collection site, staffing for collection, and taking the samples to the drop off locations. | <ul style="list-style-type: none"> - \$21 per test kit for privately insured and/or uninsured student - Insured staff are covered through their insurance, uninsured are covered via COVID-19 uninsured program - Students with Medical are covered through state funds - Valencia bills MPS based on the used kits |

Budget Implications

Assembly Bill (AB) 86, approved on March 5, 2021 provides \$2 billion for safe in-person instruction support and \$4.6 billion for expanded academic, mental health and social-emotional support. Beginning April 1st, these funds will be allocated to all local educational agencies (LEAs) based on 2020-21 LCFF (Local Control Funding Formula) entitlements.

This bill will pay for COVID-19 testing for all MPS schools. We are projected to receive \$350 to \$450 per student. Further budget analysis will be provided during the MPS board approval process of the vendors.

Legal Review:

All agreements are being reviewed by the MPS general counsel to ensure proper language is included.

Exhibits (attachments):

Appendix 1: Cost Comparison Chart

| TOTALS | STUDENTS | | | | TEACHERS | | | TESTS | | COVERIFY | | | | | | PMH | | LAUSD | | | VALENCIA | | UCSD | | UCSD | |
|--------|---------------------|---|-------------------------|-----------------------|---------------------|------------------------|-------------------------|-------------------------------|------------------------------------|-----------------------|--------------------|----------------------------|---|--|---------------------|--------------|---|----------------------------------|--------------------|------------------|-------------------|---|-----------------------|------------|-----------------------|------------|
| | 3,868 | | 564 | 3,304 | 285 | 67 | 357 | March 15-Jun 30 2021 | HEADS UP ON CASH FLOW | \$3,661,110 | \$62,645 | \$3,151,533 | \$554,107 | | \$959,440.90 | | | \$788,750 | | \$201,482.59 | | \$320,280 | | \$224,196 | | |
| | TOTAL # OF STUDENTS | 2019 Census data of 65 yrs or younger uninsured | # OF UNINSURED STUDENTS | # OF INSURED STUDENTS | # STAFF WITH KAISER | # STAFF WITHOUT KAISER | TOTAL # NUMBER OF STAFF | NUMBER OF WEEKS (1 base line) | NUMBER OF TEST per PERSON per WEEK | COVERIFY PER TEST FEE | ADMINISTRATIVE FEE | COVERIFY ALL STUDENTS COST | STAFF COST (Without Insurance \$55 max cost shown here) | MPS TO BE REIMBURSED BY COVERIFY (If they can reimburse from any source they will reimburse us, if they can't they will not reimburse) | COVERIFY TOTAL COST | PER TEST FEE | PMH TOTAL COST (Only students without a social security #, we got uninsured column) | LAUSD TEST FEE FOR 1 SCHOOL YEAR | ADMINISTRATIVE FEE | LAUSD TOTAL COST | TEST FEE PER TEST | TOTAL COST (Only students without Medical, we got uninsured column) | TEST FEE PER ONE TEST | TOTAL COST | TEST FEE PER ONE TEST | TOTAL COST |
| MSA 1 | 717 | 14.20% | 102 | 615 | 45 | 19 | 63 | 17 | 1 | \$55 | \$5,205 | \$675,600 | \$17,765 | \$592,964 | \$87,841 | \$100.00 | \$173,083.80 | \$250.00 | \$0.00 | \$195,000 | \$21.00 | \$36,347.60 | | | | |
| MSA 2 | 466 | 14.20% | 66 | 400 | 33 | 6 | 40 | 17 | 1 | \$55 | \$5,205 | \$440,915 | \$5,610 | \$379,449 | \$66,671 | \$100.00 | \$112,492.40 | \$250.00 | \$0.00 | \$126,500 | \$21.00 | \$23,623.40 | | | | |
| MSA 3 | 416 | 9.30% | 39 | 377 | 35 | 5 | 41 | 17 | 1 | \$55 | \$5,205 | \$394,165 | \$4,675 | \$357,462 | \$41,908 | \$100.00 | \$65,769.60 | \$250.00 | \$0.00 | \$114,250 | \$21.00 | \$13,811.62 | | | | |
| MSA 4 | 100 | 14.20% | 14 | 86 | 13 | 2 | 15 | 17 | 1 | \$55 | \$3,325 | \$96,825 | \$1,870 | \$82,093 | \$18,057 | \$100.00 | \$24,140.00 | \$250.00 | \$0.00 | \$28,750 | \$21.00 | \$5,069.40 | | | | |
| MSA 5 | 291 | 14.20% | 41 | 250 | 23 | 2 | 25 | 17 | 1 | \$55 | \$3,325 | \$275,410 | \$1,870 | \$235,319 | \$43,416 | \$100.00 | \$70,247.40 | \$250.00 | \$0.00 | \$79,000 | \$21.00 | \$14,751.95 | | | | |
| MSA 6 | 161 | 14.20% | 23 | 138 | 11 | 1 | 12 | 17 | 1 | \$55 | \$3,325 | \$153,860 | \$935 | \$130,094 | \$27,091 | \$100.00 | \$38,865.40 | \$250.00 | \$0.00 | \$43,250 | \$21.00 | \$8,161.73 | | | | |
| MSA 7 | 294 | 14.20% | 42 | 252 | 24 | 6 | 31 | 17 | 1 | \$55 | \$3,325 | \$278,215 | \$5,610 | \$241,466 | \$40,074 | \$100.00 | \$70,971.60 | \$250.00 | \$0.00 | \$81,250 | \$21.00 | \$14,904.04 | | | | |
| MSA 8 | 441 | 20.70% | 91 | 350 | 33 | 9 | 42 | 17 | 1 | \$55 | \$5,205 | \$417,540 | \$8,415 | \$335,397 | \$87,348 | \$100.00 | \$155,187.90 | \$250.00 | \$0.00 | \$120,750 | \$21.00 | \$32,589.46 | | | | |
| MSA SA | 544 | 19.00% | 103 | 441 | 44 | 9 | 55 | 17 | 1 | \$55 | \$5,205 | \$513,845 | \$8,415 | \$420,413 | \$98,637 | \$100.00 | \$175,712.00 | | | | \$21.00 | \$36,899.52 | | | | |
| MSA SD | 438 | 9.80% | 43 | 395 | 24 | 8 | 33 | 17 | 1 | \$55 | \$5,205 | \$414,735 | \$7,480 | \$376,876 | \$43,064 | \$100.00 | \$72,970.80 | | | | \$21.00 | \$15,323.87 | \$40.00 | \$320,280 | \$28.00 | \$224,196 |

** This chart assumes all students and staff will return in person, and will participate in baseline testing and weekly testing between March 15, 2021-June 30, 2021. This analysis does not include the extra cost that may occur for additional staff administering the test or additional materials needed.