



Clarksville Charter  
School

Charter #1891

Audit Report

June 30, 2021



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



**Clarksville Charter School**  
Financial Statements and Supplemental Information  
Year Ended June 30, 2021

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**TABLE OF CONTENTS**

<b><u>INDEPENDENT AUDITOR’S REPORT</u></b>	<b><u>2</u></b>
<b><u>FINANCIAL STATEMENTS</u></b>	<b><u>4</u></b>
Statement of Financial Position .....	4
Statement of Activities.....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows .....	7
Notes to the Financial Statements.....	8
<b><u>SUPPLEMENTARY INFORMATION</u></b>	<b><u>20</u></b>
LEA Organization Structure .....	20
Schedule of Instructional Time.....	21
Schedule of Financial Trends & Analysis.....	22
Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements.....	23
Notes to Supplementary Information.....	24
<b><u>OTHER INDEPENDENT AUDITOR’S REPORTS</u></b>	<b><u>25</u></b>
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
<b><u>AUDITOR’S RESULTS, FINDINGS &amp; RECOMMENDATIONS</u></b>	<b><u>30</u></b>
Schedule of Auditor’s Results .....	30
Schedule of Findings and Questioned Costs.....	31
Schedule of Prior Year Audit Findings.....	32

## **Independent Auditor's Report**

To the Board of Directors of  
Clarksville Charter School

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

We have audited the accompanying financial statements of Clarksville Charter School (the School), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2021, and the respective changes in financial position and 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 required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Wilkinson Hadley King + LLP*

El Cajon, California  
January 28, 2022

## Financial Statements

# Clarksville Charter School

## Statement of Financial Position

June 30, 2021

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### Assets

Cash and cash equivalents	\$ 672,372
Accounts receivable	3,348,351
Accounts receivable - related entities	335,993
Prepaid expenses	316,168
Security deposits	105,500
Property and equipment, net	14,234
Total Assets	<u>\$ 4,792,618</u>

### Liabilities and Net Assets

#### Liabilities

Accounts payable vendors	\$ 492,840
Accounts payable - related entities	2,702
Accrued payroll liabilities	257,417
Accounts payable grantor government	117,978
Short term loans payable	3,199,122
Total Liabilities	<u>4,070,059</u>

#### Net Assets

Without donor restrictions	
Undesignated	299,813
Invested in property and equipment, net of related debt	14,234
	<u>314,047</u>

#### With donor restrictions

Restricted for state programs	408,512
	<u>408,512</u>

Total Net Assets	<u>722,559</u>
Total Liabilities and Net Assets	<u>\$ 4,792,618</u>

The accompanying notes are an integral part of this statement.

# Clarksville Charter School

Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 7,855,098	\$ -	\$ 7,855,098
Education protection account state aid	231,630	-	231,630
Transfers in lieu of property taxes	2,484,151	-	2,484,151
Total LCFF sources	<u>10,570,879</u>	<u>-</u>	<u>10,570,879</u>
Federal contracts and grants	-	227,288	227,288
State contracts and grants	998,898	697,498	1,696,396
Local contracts and grants	24,448	-	24,448
Sale of equipment	50,000	-	50,000
Interest income	8	-	8
Net assets released from restriction -			
Grant restrictions satisfied	516,274	(516,274)	-
Total revenue, support, and gains	<u>12,160,507</u>	<u>408,512</u>	<u>12,569,019</u>
<b>Expenses and Losses</b>			
Program services expense	8,973,213	-	8,973,213
Supporting services expense	3,369,553	-	3,369,553
Total expenses and losses	<u>12,342,766</u>	<u>-</u>	<u>12,342,766</u>
<b>Change in Net Assets</b>	(182,259)	408,512	226,253
<b>Net Assets, Beginning of Year</b>	496,306	-	496,306
<b>Net Assets, End of Year</b>	<u>\$ 314,047</u>	<u>\$ 408,512</u>	<u>\$ 722,559</u>

The accompanying notes are an integral part of this statement.

# Clarksville Charter School

## Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Educational</u>	<u>Management and</u>	
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Salaries and wages	\$ 4,453,979	\$ 890,238	\$ 5,344,217
Pension expense	619,393	123,801	743,194
Other employee benefits	626,608	125,243	751,851
Payroll taxes	89,653	17,919	107,572
Fees for services:			
Management	-	850,075	850,075
Legal	-	106,911	106,911
Audit	-	7,500	7,500
Other fees - Professional consulting	553,910	11,340	565,250
Other fees - District oversight	-	104,630	104,630
Other fees - Banking and service charges	-	38,581	38,581
Office expenses	45,285	-	45,285
Occupancy	83,295	-	83,295
Travel	88	-	88
Conferences, conventions, and meetings	55,124	-	55,124
Interest	-	179,334	179,334
Depreciation	2,152	-	2,152
Insurance	-	126,643	126,643
Other expenses:			
Books and supplies	1,641,192	-	1,641,192
Special education encroachment	701,079	-	701,079
Student events	101,455	-	101,455
Bad debt expense	-	780,413	780,413
Miscellaneous	-	6,925	6,925
Total expenses by function	<u>\$ 8,973,213</u>	<u>\$ 3,369,553</u>	<u>\$ 12,342,766</u>

The accompanying notes are an integral part of this statement.



# Clarksville Charter School

Statement of Cash Flows  
Year Ended June 30, 2021

<b>Cash Flows from Operating Activities</b>	
Receipts from federal, state, and local contracts and grants	\$ 8,835,172
Receipts from property taxes	2,484,151
Other receipts	50,008
Payments for salaries and benefits	(6,836,164)
Payments to vendors	(5,139,822)
Interest paid	(179,334)
<b>Net Cash Used For Operating Activities</b>	<u>(785,989)</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	(4,507)
<b>Net Cash From Investing Activities</b>	<u>(4,507)</u>
<b>Cash Flows from Financing Activities</b>	
Increase in short term loans payable	573,056
<b>Net Cash From Financing Activities</b>	<u>573,056</u>
<b>Net Change in Cash and Cash Equivalents</b>	(217,440)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>889,812</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 672,372</u>
<b>Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities</b>	
Change in net assets	\$ 226,253
Adjustments to reconcile change in net assets to net cash:	
Depreciation and amortization	2,152
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	(1,317,666)
Accounts receivable - related entities	444,420
Prepaid expenses	(189,809)
Security deposits	(100,000)
Increase (Decrease) in liabilities	
Accounts payable	(2,891)
Accounts payable - related entities	(77,096)
Accrued payroll liabilities	110,670
Accounts payable grantor government	117,978
<b>Net Cash Used For Operating Activities</b>	<u>\$ (785,989)</u>

The accompanying notes are an integral part of this statement.

# Clarksville Charter School

Notes to the Financial Statements

Year Ended June 30, 2021

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## A. Principal Activity and Summary of Significant Accounting Policies

### *School*

Clarksville Charter School (the School) was formed on May 24, 2017 as a charter school pursuant to California Education Code §47600 under a charter agreement with Buckeye Union Elementary School District (the District). The School became a nonprofit public benefit corporation on December 12, 2017. The charter agreement was approved by Buckeye Union Elementary School District and submitted to the California Board of Education in May 2017. The school began operations on July 1, 2017.

Clarksville Charter School is a tuition-free, K-12 independent study charter school. The School offers an online and offline based curriculum, academically accelerated instructional program with thematic units, project-based learning, and enriched to support students who have the desire to work ahead or work deeper in their studies.

### *Basis of Accounting*

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The Corporation uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

### *Cash and Cash Equivalents*

The School considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

### *Accounts Receivable*

Accounts receivables consist primarily of noninterest-bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

### *Property and Equipment*

The School records property and equipment additions over \$5,000 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 resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The School 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, 2021.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*Investments*

The School records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

*Net Assets*

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

*Revenue and Revenue Recognition*

The School recognizes revenue from sales when the products are transferred and services are provided. The School records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, 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. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

*Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional bases in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

*Income Taxes*

The School is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2021, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2021.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the School 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. Actual results could differ from those estimates, and those differences could be material.

*Financial Instruments and Credit Risk*

The School manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the School has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

*LCFF Revenues and Payments in Lieu of Property Taxes*

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 84.10% of the School's revenue.

The School is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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*New Accounting Guidance*

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2020-21 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2017-11 - <i>Earnings Per Share (Topic 260)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Distinguishing Liabilities from Equity (Topic 480)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Derivatives and Hedging (Topic 815)</i>	Jan-18
FASB Accounting Standards Update 2019-05 - <i>Financial Instruments, Credit Losses (Topic 326)</i>	May-19
FASB Accounting Standards Update 2019-11 - <i>Codification Improvements to Financial Instruments, Credit Losses (Topic 326)</i>	Nov-19
FASB Accounting Standards Update 2020-03 - <i>Codification Improvements to Financial Instruments</i>	Mar-20
FASB Accounting Standards Update 2020-04 - <i>Reference Rate Reform (Topic 848)</i>	Mar-20
FASB Accounting Standards Update 2021-01 - <i>Reference Rate Reform (Topic 848)</i>	Jan-21
FASB Accounting Standards Update 2021-03 - <i>Intangibles Goodwill and Other (Topic 350)</i>	Mar-21

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

*Subsequent Events*

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through January 28, 2022, the date the financial statements were available to be issued.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**B. Liquidity and Availability**

The School's 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:

Cash and cash equivalents	\$	672,372
Accounts receivable		3,348,351
Accounts receivable - related entities		138,846
Prepaid expenses		316,168
		3,475,737
	\$	4,475,737

**C. Cash and Cash Equivalents**

The School's cash and cash equivalents on June 30, 2021, consisted of the following:

Cash in bank accounts	\$	672,372
Total cash and cash equivalents	\$	672,372

*Cash in Bank*

The School's cash, \$2,166,288, is held in financial institutions which are insured by the Federal Deposit Insurance School (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2021, the School held \$551,660 in excess of the FDIC insured amounts. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

**D. Accounts Receivable**

As of June 30, 2021, The School's accounts receivable consisted of the following:

Federal Government		
Special Education	\$	161,393
State Government		
Education Protection Account		57,938
State Aid		2,376,078
Lottery Funding		169,479
Special Education		261,810
Other State Programs		42,693
Local Government		
Property tax payments		278,960
Total Accounts Receivable	\$	3,348,351

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**E. Prepaid Expenses**

As of June 30, 2021, the School's prepaid expenses consisted of the following:

DIVVY account	\$	163,673
Prepaid rent		5,057
Insurance		32,740
Service contracts		114,698
Total Prepaid Expenses	\$	316,168

**F. Property and Equipment**

Property and equipment for Clarksville Charter School consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Work in Progress	\$ 5,243	\$ -	\$ 5,243	\$ -
Total Non-Depreciable Capital Assets	5,243	-	5,243	-
Depreciable Capital Assets				
Leasehold Improvements	\$ 10,762	\$ 9,750	\$ -	\$ 20,512
Total Depreciable Capital Assets	10,762	9,750	-	20,512
Total Capital Assets	16,005	9,750	5,243	20,512
Less Accumulated Depreciation	(4,126)	(2,152)	-	(6,278)
Capital Assets, Net	\$ 11,879	\$ 7,598	\$ 5,243	\$ 14,234

**G. Short Term Loan Payable**

During the 2020-21 year the School entered into agreements with Charter School Capital (CSC), whereby CSC provided discounted cash up front secured by future accounts receivables. The receivables get collected by the School following which a payment is made to CSC. The total face value and discount of receivables is shown below.

Date of Agreement	Face Value of Receivable	Discount of Receivable	Cash Received	Effective Interest Rate
7/31/2020	\$ 626,200	\$ 21,434	\$ 604,766	10.60%
9/23/2020	1,252,400	35,996	1,216,404	9.45%
12/16/2020	1,070,700	50,625	1,020,075	6.74%
2/3/2021	799,300	31,562	767,738	7.00%
3/22/2021	455,200	15,680	439,520	6.78%
4/28/2021	606,500	13,352	593,148	7.07%
5/25/2021	658,400	10,685	647,715	7.34%
Total	\$ 5,468,700	\$ 179,334	\$ 5,289,366	

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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The amount of the short term loan that is outstanding as of June 30, 2021 is as follows:

	Beginning Balance	New Agreements	Amounts Paid	Ending Balance
2020-21 Short Term Loans	\$ 2,626,066	\$ 5,468,700	\$ 4,895,644	\$ 3,199,122

**H. Beginning Net Assets Adjustment**

Prior year accrued district oversight fees were reduced in the current year. The change in beginning net assets is as follows:

Beginning net assets as of July 1, 2020	\$ 288,345
Adjustments to Beginning Net Assets	
Reduction of oversight fees	207,961
Total adjustments to beginning net assets	207,961
Adjusted beginning net assets	\$ 496,306

**I. Net Assets With Donor Restrictions**

The School receives grants from federal and state agencies that are restricted for specific purposes. Once the restricted purpose has been fulfilled, the assets are released from restriction. During the 2020-21 fiscal year the School received the Expanded Learning Opportunities Grant which is a multi-year restricted grant. At June 30, 2021, net assets were restricted for the following purposes:

Subject to expenditure for specified state purposes:	
Expanded Learning Opportunity	\$ 408,512
	408,512
Total net assets with donor restrictions	\$ 408,512

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2021.

Beginning restricted net assets	\$ -
Restricted grants received	924,786
Net assets released from restriction:	
Restricted purpose satisfied	(516,274)
Ending restricted net assets	\$ 408,512



**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**J. Employee Retirement System**

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Schools choose to stop participating in some of its multi-employer plans, the Schools may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Schools participation in these plans for the fiscal year ended June 30, 2020, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2021, 2020 and 2019 is for the plan's year-end at June 30, 2021, 2020 and 2019, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

*Period to Period Comparability:*

Clarksville Charter School decreased in CalSTRS contributions from 2020 to 2021 by 3.90%. The previous year is not comparable with an increase from 2019 to 2020 of 50.70%. The increase was due to increased participation with student population growth.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented	
		2021	2020	2019		
CalSTRS	09001	Yellow	Yellow	Yellow	No	
		Contributions			Number of Employees	Surcharge Imposed
Pension Fund	2021	2020	2019			
CalSTRS	\$ 743,195	\$ 773,373	\$ 513,176	71	No	
Total	\$ 743,195	\$ 773,373	\$ 513,176	71		

**CalSTRS:**

The School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

For the fiscal year ended June 30, 2020, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 16.15% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2021 the State contributed \$475,277 (10.328% of certificated salaries plus an additional supplemental amount) on behalf of the School.

**K. Related Party Transaction**

Related parties as defined by generally accepted accounting standards include:

1. Affiliates of the entity,
2. Management and members of their immediate families, or
3. Other parties that can significantly influence management or operating policies.

Feather River Charter School, Winship Community School, Yosemite Valley Charter School, Lake View Charter School, Granite Mountain Charter School, were related parties through common activities. In addition, the Executive Director Jenell Sherman in Clarksville Charter School is also the Executive Director at Feather River Charter School.

Beginning July 1, 2020 these organizations began efforts to separate from their former common leadership. The Schools are allowed to govern themselves fully now and determine if they wish to continue their affiliations with any of their former related parties.

The following represent related party accounts receivable at June 30, 2021:

<u>Affiliated Organization</u>	<u>Receivable</u>	<u>Purpose</u>	<u>Repayment Term</u>
Granite Mountain Charter School	\$ 4,671	MOU Agreements	Due within 90 days
Lake View Charter School	1,038	MOU Agreements	Due within 90 days
The Cottonwood School	70,096	MOU Agreements	Due within 90 days
Feather River Charter School	32,618	MOU Agreements	Due within 90 days
Monach River Academy	19,085	MOU Agreements	Due within 90 days
Yosemite Valley Charter School	11,338	MOU Agreements	Due within 90 days
Total	<u>\$ 138,846</u>		

The following represent related party accounts payable at June 30, 2021:

<u>Affiliated Organization</u>	<u>Payable</u>	<u>Purpose</u>	<u>Repayment Term</u>
Winship Community School	\$ 2,702	MOU Agreements	Due within 90 days
Total	<u>\$ 2,702</u>		

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

**L. Upcoming Changes in Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2016-02 - <i>Leases (Topic 842)</i>	Feb-16	2022-23
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill &amp; Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17	2021-22
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18	2021-22
FASB Accounting Standards Update 2018-11 - <i>Leases Targeted Improvements (Topic 842)</i>	Jul-18	2022-23
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-14 - <i>Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)</i>	Aug-18	2022-23
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18	2021-22
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18	2021-22
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2018-20 - <i>Leases (Topic 842)</i>	Dec-18	2022-23
FASB Accounting Standards Update 2019-01 - <i>Leases (Topic 842)</i>	Mar-19	2022-23
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19	2021-22
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19	2021-22
FASB Accounting Standards Update 2019-12 - <i>Income Taxes (Topic 740)</i>	Dec-19	2022-23
FASB Accounting Standards Update 2020-01 - <i>Investments (Topics 321, 323, and 815)</i>	Jan-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Revenue from Contracts with Customers (Topic 606)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Leases (Topic 842)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20	2021-22
FASB Accounting Standards Update 2020-08 - <i>Codification Improvements for Receivables (Topic 310-20)</i>	Oct-20	2022-23
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-02 - <i>Franchisors Revenue (Topic 952-606)</i>	Jan-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Earnings Per Share (Topic 260)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Debt Modifications and Extinguishments (Topic 470-50)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Stock Compensation (Topic 718)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Derivatives and Hedging (Topic 815-40)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-05 - <i>Leases (Topic 842)</i>	Jul-21	2022-23
FASB Accounting Standards Update 2021-07 - <i>Stock Compensation (Topic 718)</i>	Oct-21	2022-23
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2021-09 - <i>Leases (Topic 842)</i>	Nov-21	2022-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

**Clarksville Charter School**  
Notes to the Financial Statements (Continued)  
Year Ended June 30, 2021

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**M. COVID-19 Impact and Considerations**

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting Clarksville Charter School from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. Clarksville Charter School established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California schools are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The School has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

## Supplementary Information

# Clarksville Charter School

LEA Organization Structure  
Year Ended June 30, 2021

Clarksville Charter School (Charter #1891) began operations in 2016-17. The authorizing entity is Buckeye Union Elementary School District. Inspire Charter School Clarksville provides non-classroom based services for Kindergarten through Twelfth Grade.

## GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Emily Allen	President	Two Year Term Expires June 2021
Keri Dalebout	Treasurer	Two Year Term Expires September 2021
Katie Burwell	Secretary	Two Year Term Expires June 2021
Kelley Laliberte	Member	Two Year Term Expires August 2022
Lisa Jobe	Director	Two Year Term Expires August 2022

## ADMINISTRATION

Jenell Sherman  
Principal

Kristie Nicosia  
Vice-Principal

# Clarksville Charter School

## Schedule of Instructional Time

Year Ended June 30, 2021

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Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Multi-Track Calendar	J-13A Credited Days	Status
Kindergarten	N/A	175	N/A	Complied
1st Grade	N/A	175	N/A	Complied
2nd Grade	N/A	175	N/A	Complied
3rd Grade	N/A	175	N/A	Complied
4th Grade	N/A	175	N/A	Complied
5th Grade	N/A	175	N/A	Complied
6th Grade	N/A	175	N/A	Complied
7th Grade	N/A	175	N/A	Complied
8th Grade	N/A	175	N/A	Complied
9th Grade	N/A	175	N/A	Complied
10th Grade	N/A	175	N/A	Complied
11th Grade	N/A	175	N/A	Complied
12th Grade	N/A	175	N/A	Complied

See Accompanying Notes to Supplementary Information



**Clarksville Charter School**  
Schedule of Financial Trends & Analysis  
Year Ended June 30, 2021

	Budget 2022	2021	2020	2019
Revenues	\$ 18,085,312	\$ 12,569,019	\$ 11,261,803	\$ 8,669,761
Expenses	17,453,021	12,342,766	11,056,843	8,602,006
Change in Net Assets	<u>632,291</u>	<u>226,253</u>	<u>204,960</u>	<u>67,755</u>
Ending Net Assets	<u>\$ 1,146,889</u>	<u>\$ 514,598</u>	<u>\$ 288,345</u>	<u>\$ 83,385</u>
Unrestricted Net Assets	<u>\$ 1,146,889</u>	<u>\$ 314,047</u>	<u>\$ 288,345</u>	<u>\$ 83,385</u>
Unrestricted net assets as a percentage of total expenses	<u>6.57%</u>	<u>2.54%</u>	<u>2.61%</u>	<u>0.97%</u>
Total Long Term Debt	<u>\$ -</u>	<u>\$ 3,199,122</u>	<u>\$ 2,626,066</u>	<u>\$ 43,593</u>
ADA at P2	<u>1,600</u>	<u>N/A</u>	<u>1,158</u>	<u>878</u>

The School's ending net assets has increased by \$431,213 (517.13%) over the past two fiscal years. The significant increase is in large due to an increase in ADA and additional funding received as a result of the COVID-19 pandemic. Restricted ending net assets include multi-year grants that will be expended over the next two to three years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

The 2021-22 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$632,291 and ADA is projected to be 1,600 for the 2021-22 fiscal year.

## Clarksville Charter School

### Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2021

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June 30, 2021 annual financial alternative form net assets:	\$	124,047
Adjustments and reclassifications:		
Understatement of accounts receivable		239,831
Overstatement of accounts payable		2,384,175
Understatement of short term loan payable		(2,025,503)
Rounding		<u>9</u>
Total adjustments and reclassifications		<u>598,512</u>
June 30, 2021 audited financial statements net assets:	\$	<u><u>722,559</u></u>

# Clarksville Charter School

Notes to Supplementary Information  
Year Ended June 30, 2021

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## A. Purpose of Schedules

### LEA Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

### Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612.5 involves offering a minimum number of annual instructional minutes as defined by grade level. Under Senate Bill 98 and Senate Bill 820, for the 2020-21 fiscal year, there is no minimum annual or minimum daily instructional minutes requirement for non-classroom based charter schools in existence during the 2019-20 fiscal year.

An LEA that closed due to a qualifying emergency in the 2020-21 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

### Schedule of Financial Trends & Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2021-22 fiscal year.

### Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

## Other 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 *Government Auditing Standards*

To the Board of Directors  
Clarksville Charter School

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 the governmental activities and each major fund of Clarksville Charter School (the School), as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 28, 2022.

**Internal Control over Financial Reporting**

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

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

## **Purpose of this Report**

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

Wilkinson Hadley King + LLP

El Cajon, California  
January 28, 2022

## Independent Auditor's Report on State Compliance

To the Board of Directors  
Clarksville Charter School

### **Report on State Compliance**

We have audited Clarksville Charter School's (the School) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2021.

### **Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

Description	Procedures Performed
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance and Distance Learning.....	N/A
B. Teacher Certification and Misassignments.....	N/A
C. Kindergarten Continuance.....	N/A
F. Instructional Time.....	N/A
G. Instructional Materials.....	N/A
H. Ratio of Administrative Employees to Teachers.....	N/A
I. Classroom Teacher Salaries.....	N/A
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	N/A
L. School Accountability Report Card.....	N/A
O. K-3 Grade Span Adjustment.....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	N/A
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
<b>Charter Schools</b>	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	Yes
DD. Determination of Funding for Nonclassroom Based Instruction.....	Yes
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



## Opinion on State Compliance

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King + LLP

El Cajon, California

January 28, 2022

## Auditor's Results, Findings & Recommendations

# Clarksville Charter School

Schedule of Auditor's Results

Year Ended June 30, 2021

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## FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?

\_\_\_\_\_ Yes        X   No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

## STATE AWARDS

Any audit findings disclosed that are required to be reported  
in accordance with *2020-21 Guide for Annual Audits  
of California K-12 Local Education Agencies?*

\_\_\_\_\_ Yes        X   No

Type of auditor's report issued on compliance for state programs:

Unmodified

**Clarksville Charter School**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2021

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**A. Financial Statement Findings**

None

**B. State Award Findings**

None

**CLARKSVILLE CHARTER SCHOOL**

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

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<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A