



**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**A NONPROFIT PUBLIC BENEFIT CORPORATION  
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Clarksville Charter School (Charter No. 1891)

**CLARKSVILLE CHARTER SCHOOL  
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JUNE 30, 2023**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Clarksville Charter School  
El Dorado Hills, California

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

#### **Opinion**

We have audited the accompanying financial statements of Clarksville Charter School which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarksville Charter School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Change in Accounting Principle**

As discussed in section O of Note 1 to the financial statements, in 2022-23 Clarksville Charter School adopted new accounting guidance, ASU No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management 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.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of Clarksville Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clarksville Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarksville Charter School's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 12, 2023

**CLARKSVILLE CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 4,031,760
Accounts receivable	3,134,028
Prepaid expenses	259,998
Total current assets	<u>7,425,786</u>

Noncurrent assets	
Right-of-use asset	103,339
Deposits	105,500
Capital assets, net	6,029
Total noncurrent assets	<u>214,868</u>
<b>Total Assets</b>	<b><u>\$ 7,640,654</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 1,714,417
Operating lease liability	105,211
Deferred revenue	2,048,063
Total liabilities	<u>3,867,691</u>

Net assets	
Without donor restrictions	<u>3,772,963</u>
Total net assets	<u>3,772,963</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,640,654</u></b>

The notes to the financial statements are an integral part of this statement.

**CLARKSVILLE CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Without Donor Restrictions</u>
<b>SUPPORT AND REVENUES</b>	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 16,478,272
Federal revenues	745,299
Other state revenues	<u>3,079,228</u>
Total federal and state support and revenues	<u>20,302,799</u>
Local support and revenues	
Payments in lieu of property taxes	4,307,312
Shared services fees	811,433
Other local revenues	<u>51,826</u>
Total local support and revenues	<u>5,170,571</u>
<b>Total Support and Revenues</b>	<u>25,473,370</u>
 <b>EXPENSES</b>	
Program services	21,366,994
Management and general	<u>1,669,493</u>
<b>Total Expenses</b>	<u>23,036,487</u>
 <b>CHANGE IN NET ASSETS</b>	 2,436,883
 <b>Net Assets - Beginning</b>	 <u>1,336,080</u>
 <b>Net Assets - Ending</b>	 <u>\$ 3,772,963</u>

The notes to the financial statements are an integral part of this statement.

**CLARKSVILLE CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

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	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 8,732,639	\$ 228,031	\$ 8,960,670
Non-certificated salaries	555,709	-	555,709
Pension plan contributions	2,223,835	58,070	2,281,905
Payroll taxes	267,972	6,579	274,551
Other employee benefits	1,049,158	25,757	1,074,915
Total personnel expenses	<u>12,829,313</u>	<u>318,437</u>	<u>13,147,750</u>
Non-personnel expenses			
Books and supplies	2,588,580	4,235	2,592,815
Insurance	223,686	5,492	229,178
Facilities	1,872	82,611	84,483
Professional services	4,475,688	514,233	4,989,921
Interest expense	-	89,035	89,035
Depreciation	-	4,103	4,103
Service fees to SGCA	1,187,996	509,141	1,697,137
Fees to authorizing agency	-	62,595	62,595
Other operating expenses	59,859	79,611	139,470
Total non-personnel expenses	<u>8,537,681</u>	<u>1,351,056</u>	<u>9,888,737</u>
<b>Total Expenses</b>	<u>\$ 21,366,994</u>	<u>\$ 1,669,493</u>	<u>\$ 23,036,487</u>

The notes to the financial statements are an integral part of this statement.



**CLARKSVILLE CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 2,436,883
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	4,103
Accrued rent within right-of-use asset	1,872
(Increase) decrease in operating assets	
Accounts receivable	(141,069)
Prepaid expenses	(79,216)
Increase (decrease) in operating liabilities	
Accounts payable	(45,927)
Deferred revenue	1,554,297
<b>Net cash provided by (used in) operating activities</b>	<u>3,730,943</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on loans payable	<u>(1,033,400)</u>
<b>Net cash provided by (used in) financing activities</b>	<u>(1,033,400)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,697,543
<b>Cash and cash equivalents - Beginning</b>	<u>1,334,217</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 4,031,760</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 89,035</u>

The notes to the financial statements are an integral part of this statement.

**CLARKSVILLE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Clarksville Charter School (the “Charter”) was formed as a nonprofit public benefit corporation on May 24, 2017 for the purpose of operating as a California public school located in El Dorado County. The Charter is numbered by the State Board of Education as California Charter No. 1891. The mission of Clarksville Charter School is to develop the individual gifts of students in El Dorado, Amador, Alpine, Sacramento and Placer Counties to become critical thinkers, responsible citizens and innovative leaders prepared for academic and real-life achievement in the 21st Century. Clarksville Charter School provides nonclassroom-based instruction to students in grades TK to 12.

Clarksville Charter School is authorized to operate as a charter school through the Buckeye Union School District (the “authorizing agency”). In 2020, the Board of Education of Buckeye Union School District approved a charter petition renewal for a five-year term beginning July 1, 2020 and expiring on June 30, 2025. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2028. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

The Charter’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

**C. Financial Statement Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016. Clarksville Charter School reports information regarding its financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net assets with donor restrictions* – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, Clarksville Charter School also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter’s financial statement presentation.

**D. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as “net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

**F. In Lieu of Property Tax Revenue**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Clarksville Charter School. Revenues are recognized by the Charter when earned.

**G. Functional Expenses**

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management’s estimates.

**H. Cash and Cash Equivalents**

Clarksville Charter School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**I. Investments**

The Charter’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**J. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions.

**CLARKSVILLE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Receivables and Allowances (continued)**

Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**K. Capital Assets**

Clarksville Charter School has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

**L. Deferred Revenue**

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

**M. Income Taxes**

Clarksville Charter School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

**N. Fair Value Measurements**

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2     Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**CLARKSVILLE CHARTER SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. New Accounting Principle**

**ASC 842 Leases**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021.

The Charter has determined the impact and has reflected the significant change from this accounting principle within its financial statements for the 2022-23 fiscal year. Refer to Note 14 for additional information regarding the operating lease and the related right-of-use asset and operating lease liability held by the Charter.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2023, consists of cash in banks of \$4,031,760 held in noninterest-bearing accounts. As of June 30, 2023, \$4,234,045 of the Clarksville Charter School’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. Clarksville Charter School does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2023, consists of the following:

Local control funding sources, state aid	\$	1,956,986
Federal sources		397,187
Other state sources		324,864
In lieu property tax payments		450,320
Other local sources		4,671
<b>Total Accounts Receivable</b>	<b>\$</b>	<b>3,134,028</b>

**NOTE 4 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Property and equipment				
Leasehold improvements	\$ 10,762	\$ -	\$ -	\$ 10,762
Computer software	9,750	-	-	9,750
Total property and equipment	20,512	-	-	20,512
Less accumulated depreciation	(10,380)	(4,103)	-	(14,483)
<b>Capital Assets, net</b>	<b>\$ 10,132</b>	<b>\$ (4,103)</b>	<b>\$ -</b>	<b>\$ 6,029</b>

**CLARKSVILLE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2023, consists of the following:

Salaries and benefits	\$ 912,237
Vendor payables	410,175
Due to authorizing agency	209,554
Due to grantor government	182,451
<b>Total Accounts Payable</b>	<u>\$ 1,714,417</u>

**NOTE 6 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2023, consists of the following:

Federal sources	\$ 148,275
State sources	1,899,788
<b>Total Deferred Revenue</b>	<u>\$ 2,048,063</u>

**NOTE 7 – LOANS PAYABLE**

During the previous fiscal year the Charter entered into agreements with Charter School Capital (CSC), whereby CSC provided discounted cash up front secured by future accounts receivables. The receivables are collected and sent directly to CSC for repayment. The repayment made during the fiscal year ended June 30, 2023 was \$1,033,400. There is no outstanding balance due as of June 30, 2023.

**NOTE 8 – NET ASSETS**

As of June 30, 2023, the Charter did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2023, the Charter's net assets without donor restrictions consists of \$3,772,963, which consists of \$6,029 for the net investment in capital assets and remaining \$3,766,934 as undesignated.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Charter's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 4,031,760
Accounts receivable	3,134,028
Prepaid expenses	259,998
Contractual or donor-imposed restrictions	
Cash held for conditional contributions	<u>(2,048,063)</u>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<u>\$ 5,377,723</u>

**CLARKSVILLE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer a defined benefit pension plan maintained by an agency of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Charter also offers social security as an alternative plan to all employees who may not qualify for CalSTRS.

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

**Plan Description**

Clarksville Charter 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. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the fiscal year ended June 30, 2023 were \$1,718,418; 100% of the required contribution.

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Clarksville Charter School is estimated at \$563,487. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, Clarksville Charter School is approved to operate as a public charter school through authorization by the Buckeye Union School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to June 30, 2027. Refer to Note 15 for information regarding an additional one-year extension.

The Charter makes payments to the authorizing agency to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$62,595 for the fiscal year ending June 30, 2023.

**CLARKSVILLE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)**

**Governmental Funds**

Clarksville Charter School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately \$7,013,950 as of June 30, 2022. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 10 for additional information on employee retirement plans.

**Pending or Threatened Litigation**

The Charter is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2023.

**NOTE 12 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Clarksville Charter School in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles. The Charter did not receive any donated items during the year ended June 30, 2023.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

**Sequoia Grove Charter Alliance**

Clarksville Charter School participates in a joint venture with the Sequoia Grove Charter Alliance (SGCA). SGCA is a separate nonprofit organization and an independent service provider providing task-related administrative support services specific to the operation of public charter schools. The relationship between the Charter and the SGCA is such that the SGCA is not financially inter-related to the Charter for financial reporting purposes. The Charter holds an administrative support services agreement with SGCA as a member charter school that was initially entered into in June 2021. There were three member schools with SGCA during 2022-23: Clarksville Charter School, Lake View Charter School, and Feather River Charter School.

The service agreement covering the 2022-23 fiscal year calls for compensation equal to an annual fee of \$1,697,137 due in twelve monthly installments. The annual fee consists of 70% for instructional services and 30% for a management fee. The annual fee is to be reviewed and renegotiated with SGCA and the members schools annually at the end of each fiscal year.

During the fiscal year ended June 30, 2023, the Charter recorded \$1,697,137 in service fees to SGCA. The Charter also reimbursed SGCA throughout the year for incurring costs on behalf of the Charter. As of June 30, 2023, \$4,671 was due to the Charter from SGCA and other member schools for cost reimbursements. Also as of June 30, 2023, \$121,272 was payable to SGCA and other member schools from Clarksville Charter School for unpaid service fees and reimbursement of incurred costs.



**CLARKSVILLE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 13 – RELATED PARTY TRANSACTIONS (continued)**

**Interested Parties**

Jenell Sherman, the Executive Director for Clarksville Charter School, also serves as the Executive Director of Lake View Charter School and Feather River Charter School; both member schools under SGCA.

**NOTE 14 – OPERATING LEASE**

In April 2020, Clarksville Charter School entered into a lease agreement for the use of facilities located at 4818 Golden Foothill Parkway, Suite 9 in El Dorado Hills, California. The lease term commenced May 20, 2020 and ends May 30, 2025. At June 30, 2023, the right-of-use asset was \$105,211 and the operating lease liability was \$103,339. The Charter has accounted for its lease agreements using an implied discount rate of 5%. The associated asset and liability are amortized over the term of the lease as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Operating Lease Liability</u>	<u>Right-of-Use Asset</u>
2024	\$ 50,923	\$ 48,718
2025	48,385	48,718
Subtotal	99,308	97,436
NPV adjustment	5,903	5,903
<b>Total</b>	<b>\$ 105,211</b>	<b>\$ 103,339</b>

**NOTE 15 – SUBSEQUENT EVENTS**

Clarksville Charter School has evaluated subsequent events for the period from June 30, 2023 through December 12, 2023, the date the financial statements were available to be issued.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result, the charter petition end date is extended to June 30, 2028.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**CLARKSVILLE CHARTER SCHOOL  
LEA ORGANIZATION STRUCTURE  
JUNE 30, 2023**

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This schedule provides information about the local education agency (LEA or charter school), including the Charter’s authorizing agency, grades served, members of the governing body, and members of the administration.

Clarksville Charter School, located in El Dorado County, was formed as a nonprofit public benefit corporation on May 24, 2017. The charter school operated by the nonprofit, also named Clarksville Charter School, is numbered by the State Board of Education as Charter No. 1891. The Charter is authorized to operate as a charter school through the Buckeye Union School District. Classes began initially began in July 2017. During 2022-23, the Charter served approximately 1,937 students in grades TK to 12.

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**BOARD OF DIRECTORS**

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Name	Office	Term Expiration
Kelley Laliberte	President	June 2024
Tiffany Farley	Treasurer	June 2023
Rachelle Hager	Member	June 2024
Janeal Cimino	Member	June 2024

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**ADMINISTRATION**

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Jenell Sherman <i>Executive Director</i>	Shannon Breckenridge <i>Associate Executive Director</i>
Darcy Belleza <i>Director of Accountability &amp; Governance</i>	Dr. Amanda Fernandez <i>Chief Fiscal Officer</i>

**CLARKSVILLE CHARTER SCHOOL  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2023**

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

	<u>Second Period Report</u>	<u>Annual Report</u>
	<u>Nonclassroom-Based</u>	
<b>Grade Span</b>		
Regular		
Kindergarten* through third	735.98	738.69
Fourth through sixth	534.34	533.79
Seventh through eighth	317.70	318.66
Ninth through twelfth	<u>351.87</u>	<u>351.73</u>
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>1,939.89</u>	<u>1,942.87</u>
<b>Total Average Daily Attendance</b>	<u>1,939.89</u>	<u>1,942.87</u>

\*Includes Transitional Kindergarten (TK)

**The Charter had no Classroom-Based ADA in 2022-23.**

**CLARKSVILLE CHARTER SCHOOL  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2023**

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This schedule presents information on the amount of instructional days offered per grade level by Clarksville Charter School and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

Grade Level	2022-23 Number of Days	Status
Kindergarten*	175	Complied
Grade 1	175	Complied
Grade 2	175	Complied
Grade 3	175	Complied
Grade 4	175	Complied
Grade 5	175	Complied
Grade 6	175	Complied
Grade 7	175	Complied
Grade 8	175	Complied
Grade 9	175	Complied
Grade 10	175	Complied
Grade 11	175	Complied
Grade 12	175	Complied

\*Includes Transitional Kindergarten (TK)

**CLARKSVILLE CHARTER SCHOOL  
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL  
STATEMENTS  
JUNE 30, 2023**

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This schedule provides the information, if necessary, to reconcile fund balance or net position reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements.

There were no adjustments to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets per the audited financial statements for the year end ended June 30, 2023.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Independent Auditors' Report

To the Board of Directors of  
Clarksville Charter School  
El Dorado Hills, California

We have audited, 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, the financial statements of Clarksville Charter School (the "Charter") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 12, 2023.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
December 12, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL  
OVER COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

To the Board of Directors of  
Clarksville Charter School  
El Dorado Hills, California

**Report on State Compliance****Opinion on State Compliance**

We have audited Clarksville Charter School's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Clarksville Charter School's state program requirements for the fiscal year ended June 30, 2023.

In our opinion, Clarksville Charter School complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

**Basis for Opinion on State Compliance**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit for State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clarksville Charter School's compliance based on our audit.

**Auditor’s Responsibilities for the Audit for State Compliance (continued)**

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Clarksville Charter School's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

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

Description	Procedures Performed
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	Not applicable
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Yes
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

“Not applicable” is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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

## **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
December 12, 2023

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**CLARKSVILLE CHARTER SCHOOL  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Financial Statements**

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

**Federal Awards**

*The Charter did not expend more than \$750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.*

**State Awards**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with <i>2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**CLARKSVILLE CHARTER SCHOOL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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All audit year findings, if any, are assigned an appropriate finding code as follows:

<b>FIVE DIGIT CODE</b>	<b>AB 3627 FINDING TYPE</b>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
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

**FINANCIAL STATEMENT FINDINGS**

There were no audit findings related to the financial statements for the year ended June 30, 2023.

**STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2023.

**PRIOR AUDIT FINDINGS**

This section presents the status of actions taken by the Charter on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2022.