



Amethod Public Schools

Special Meeting of the AMPS Board of Directors

Published on April 29, 2024 at 9:27 AM PDT

Date and Time

Tuesday April 30, 2024 at 4:30 PM PDT

Location

1450 Marina Way South, Richmond CA 94804

The Board of Directors (Board) and employees of Amethod Public Schools will be holding this meeting in person at **1450 Marina Way South, Richmond, CA 94804**.

Members of the public who wish to attend in person can join us at Richmond Charter Academy (RCA) at 1450 Marina Way South, Richmond, CA 94804. Or members of the public may meet via the Zoom meeting platform at: <https://us02web.zoom.us/j/83187954557>

We also offer two-way teleconference locations for the public to attend in our Oakland school sites:

Oakland Charter High School- 2365 Coolidge Ave, Oakland, CA 94601

Downtown Charter Academy- 2000 Dennison St, Oakland, CA 94606

Oakland Charter Academy- 4215 Foothill Blvd, Oakland, CA 94601

Participating by Telephone: 669-900-9128 Meeting ID: 831 8795 4557

Public Comment: Members of the public attending in person who wish to comment on an agenda item please fill out a speaker card and submit it to a staff member. The Board Chair will call on you to enter the Boardroom. Members of the public who are join in via teleconference, please use raise hand tool in the reactions tab located at the bottom of the zoom screen or press star (*) nine if joining by telephone. The Board Chair will call on you. Please

note that comments are limited to two minutes. The Board Chair may increase or decrease the time allowed for public comment, depending upon the topic and number of persons wishing to be heard.

Access to Board Materials: A copy of the written materials which have been submitted to the School Board with the agenda relating to open session items may be reviewed by any interested persons on the Amethod Public School’s website at www.amethodschools.org following the posting of the agenda. Amethod reserves the right to show or distribute additional information and/or documents to the School Board at the meeting, and will make copies of such documents relating to open session items available to the public upon request.

Disability Access: Requests for disability-related modifications or accommodations to participate in this public meeting should be made 72 hours prior to the meeting by calling (510) 965-4562. All efforts will be made for reasonable accommodations. The agenda and public documents can be modified upon request as required by Section 202 of the Americans with Disabilities Act.

ORDER OF BUSINESS MAY BE CHANGED WITHOUT NOTICE

Agenda

	Purpose	Presenter	Time
I.	Opening Items		4:30 PM
A.	Call the Meeting to Order	Gilbert Lopez Jr.	5 m
B.	Record Attendance	Sally Li	2 m
C.	Announcements		2 m
D.	Public Comments on Non-Agenda Items		2 m
	Members of the public may comment here on non-agenda items that relate to one or more schools operated by Amethod Public Schools.		
II.	Business		4:41 PM
A.	Approval of Final Audit Report 2022-2023	Vote	Michele Powell and Maria Arechiga 10 m
	Public Comment: Members of the public may comment here.		
III.	Closed Session		4:51 PM

	Purpose	Presenter	Time
A. Conference with Legal Counsel -- Anticipated Litigation (2 cases)	Discuss		30 m
Significant exposure to litigation pursuant to Paragraph (2) or (3) of subdivision (d) of Section 54956.9: two cases			

IV. Closing Items

5:21 PM

A. Adjourn Meeting	FYI	Gilbert Lopez Jr.	1 m
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THE ORDER OF BUSINESS MAY BE CHANGED WITHOUT NOTICE. Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice. **REASONABLE LIMITATIONS MAY BE PLACED ON PUBLIC TESTIMONY.** The Governing Board’s presiding officer reserves the right to impose reasonable time limits on public testimony to ensure that the agenda is completed. **REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY.** Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting of the Governing Board may request assistance by contacting the Amethod Public School Inc., 1450 Marina Way South Second Floor. Richmond, CA 94804; telephone, (510) 965-4562 sallyli@amethodschools.org. **FOR MORE INFORMATION.** For more information concerning this agenda, please contact Amethod Public Schools Main Administration, 1450 Marina Way South Second Floor. Richmond, CA 94804; telephone, (510) 965-4562; Email: sallyli@amethodschools.org

Coversheet

Approval of Final Audit Report 2022-2023

Section:	II. Business
Item:	A. Approval of Final Audit Report 2022-2023
Purpose:	Vote
Submitted by:	
Related Material:	Amethod Public Schools - FYE 2023 - DRAFT FS.pdf

Amethod Public Schools

Charter Schools:

Oakland Charter Academy #0014

Oakland Charter High School #0883

Richmond Charter Academy #1441

Downtown Charter Academy #1661

Richmond Charter Elementary – Benito Juarez Elementary #1660

John Henry High School #1741

Financial Statements and Supplementary Information

June 30, 2023

Amethod Public Schools

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Independent Auditors' Report

To the Board of Directors of
Amethod Public Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amethod Public Schools (the Organization), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 described in Note 2 to the financial statements, on July 1, 2022, the Organization changed its method of accounting for leases due to the adoption of Accounting Standards Codification (Topic 842), *Leases*. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 the Organization'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Organization, Schedule of Average Daily Attendance, Schedule of Instructional Time, Reconciliation of Charter School Unaudited Actuals Financial Report - Alternative Form with Audited Financial Statements, Combining Schedule of Financial Position, Combining Schedule of Activities, Combining Schedule of Functional Expenses and Combining Statement of Cash Flows 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 **April 30, 2024** on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

San Diego, California
April 30, 2024

Amethod Public Schools

Statement of Financial Position

June 30, 2023

Assets**Current Assets**

Cash	\$ 10,587,475
Accounts receivable	8,979,784
Prepaid expenses and other assets	<u>760,783</u>

Total current assets	20,328,042
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Right of Use Assets, Net

36,720,813

Property and Equipment, Net

13,258,974

Deposits95,000

Total assets	<u><u>\$ 70,402,829</u></u>
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Liabilities and Net Assets**Current Liabilities**

Accounts payable	\$ 877,443
Accrued expenses	1,819,619
Deferred revenue	1,491,933
Due to governments	3,806,696
Lease liability, current portion	3,860,820
Notes payable, current portion	<u>406,928</u>

Total current liabilities	<u>12,263,439</u>
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Long-Term Liabilities

Lease liability, net of current portion	37,987,871
Notes Payable, net of current portion	<u>7,128,077</u>

Total long-term liabilities	<u>45,115,948</u>
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Total liabilities	57,379,387
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Net Assets

Net assets without donor restrictions, undesignated	<u>13,023,442</u>
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Total net assets	<u>13,023,442</u>
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Total liabilities and net assets	<u><u>\$ 70,402,829</u></u>
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See notes to financial statements

Amethod Public Schools

Statement of Activities

Year Ended June 30, 2023

	Net Assets Without Donor Restrictions
Revenues	
Revenue limit sources:	
State aid	\$ 19,263,075
Education protection account	995,136
In-lieu of property taxes	5,312,139
Federal revenues	2,905,908
State revenues	11,894,166
Local revenues	<u>1,003,937</u>
Total revenues	<u>41,374,361</u>
Expenses	
Program services:	
Education	30,974,821
Support services:	
Management and general	<u>6,078,686</u>
Total expenses	<u>37,053,507</u>
Change in net assets	4,320,854
Net Assets, Beginning	<u>8,702,588</u>
Net Assets, Ending	<u><u>\$ 13,023,442</u></u>

See notes to financial statements

Amethod Public Schools

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services Education	Support Services Management and General	Total
Certificated salaries	\$ 8,287,613	\$ 1,009,203	\$ 9,296,816
Classified salaries	6,107,101	1,290,459	7,397,560
Employee benefits	2,738,466	386,006	3,124,472
Books and supplies	1,766,999	408,999	2,175,998
Travel and conferences	71,504	17,876	89,380
Dues and memberships	39,201	9,799	49,000
Operation and housekeeping services	836,125	376,252	1,212,377
Rental, leases, repairs and noncapitalized improvements	5,127,656	521,330	5,648,986
Professional/consulting services and operating expenditures	5,306,242	1,508,820	6,815,062
Communications	112,396	28,100	140,496
Depreciation	581,518	145,379	726,897
Direct support/indirect cost charges	-	376,463	376,463
Total expenses	\$ 30,974,821	\$ 6,078,686	\$ 37,053,507

See notes to financial statements

Amethod Public Schools

Statement of Cash Flows

Year Ended June 30, 2023

Cash Flows From Operating Activities

Change in net assets	\$ 4,320,854
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:	
Depreciation	726,897
(Increase) decrease in operating assets:	
Decrease in operating assets:	
Accounts receivable	(922,451)
Prepaid expenses and other assets	(90,905)
Right of use assets, net	5,127,878
Deposits	25,000
Increase (decrease) in operating liabilities:	
Accounts payable	(1,359,305)
Accrued expenses	680,320
Due to governments	1,710,621
Deferred revenue	628,184
Deferred rent	(4,840,659)
Net cash flows provided by operating activities	<u>6,006,434</u>

Cash Flows From Financing Activities

Payment on notes payable	<u>(413,836)</u>
Net cash flows used in financing activities	<u>(413,836)</u>
Net increase in cash	5,592,598

Cash, Beginning4,994,877**Cash, Ending**\$ 10,587,475**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest	<u><u>\$ 372,239</u></u>
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See notes to Financial Statements

Amethod Public Schools

Notes to Financial Statements
June 30, 2023

1. Organization and Mission

Amethod Public Schools (the Organization) is a non-profit public benefit corporation. The Organization was incorporated on November 11, 2010, and was designed to promote the academic advancement of disenfranchised middle school and high school aged youth from East Oakland, California. Formerly known as Oakland Charter Academy, Inc., the Organization first opened in 1993.

The Organization currently operates six charter schools: Oakland Charter Academy (OCA), Oakland Charter High School (OCHS), Richmond Charter Academy (RCA), Downtown Charter Academy (DCA), Richmond Charter Elementary - Benito Juarez Elementary (Benito Juarez Elementary or BJE) and John Henry High School (JHHS).

Oakland Charter Academy was petitioned and approved through the Oakland Unified School District and serves grades 6 through 8. OCA commenced operations in 1993 and was granted a charter renewal that expires on June 30, 2026.

Oakland Charter High School was petitioned and approved through the Oakland Unified School District and commenced operations in 2007 and was granted a charter renewal that expires on June 30, 2025.

Richmond Charter Academy was petitioned and approved through the West Contra Costa Unified School District and began operations in 2013. RCA serves grades 6 through 8 and was granted a renewal that expires on June 30, 2025.

Downtown Charter Academy was petitioned and approved through the Oakland Unified School District and began operations in 2014. DCA serves grades 6 through 8 and was granted a charter that expires on June 30, 2027.

Richmond Charter Elementary - Benito Juarez Elementary was petitioned and approved through the West Contra Costa Unified School District and began operations in 2014. BJE serves grades Kindergarten through grade 5 and was granted a charter that expires on June 30, 2027.

John Henry High School was petitioned and approved through the West Contra Costa Unified School District and began operations in 2015. The previous charter expired on June 30, 2021. In July of 2020, JHHS was granted a charter that expires on June 30, 2028, and became authorized by the State Board of Education. JHHS currently serves grades 9 through 12.

The Organization's home office is operated to provide support services to each of the charter schools.

The mission of the Organization is to provide a fundamental and rigorous college preparatory education to any student that chooses one of its schools.

It is the Organization's belief that successful life in modern society can be achieved through college education, especially for historically disenfranchised populations. All graduates of the Organization will have gone through a challenging academic and character development program that will ready graduates to enter and succeed in college, and provide options for future endeavors.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Amethod Public Schools

Notes to Financial Statements
June 30, 2023

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has not designated any of these net assets for operating reserves and future program development.

Net Assets With Donor Restrictions - Net assets subject to donor 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. As of June 30, 2023, the Organization did not have any net assets with donor restrictions.

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to not-for-profit organizations. The Organization 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

Cash and Cash Equivalents

Cash is, from time to time, variously composed of cash on hand and cash in banks. The Organization considers all highly liquid investments with original maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2023, there were no cash equivalents.

Property and equipment

Property and equipment are recorded at cost and depreciated under the straight-line method over their estimated useful lives. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting

Amethod Public Schools

Notes to Financial Statements

June 30, 2023

gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred.

Revenue Sources and Recognition

The Organization primarily receives funds from the California Department of Education (CDE). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs.

Contributions and Grants

The Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue from contributions and grant income is evaluated under ASU No. 2018-08 and is accounted for as nonreciprocal transactions. Unconditional contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restrictions ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Deferred Revenue

Deferred revenue represents grant funds received, but not expended. These funds must be expended in accordance with the provisions of the contract to which they apply or refunded if not expended under the terms of the contract. As of June 30, 2023 the Organization had \$1,491,933 in deferred revenue which consisted of the following:

ESSA - Title I, Part A—Improving Basic Programs Operated by Local Education Agencies	\$ 432,979
A-G Completion Grant	257,095
Elementary and Secondary School Emergency Relief (ESSER) III	173,788
Educator Effectiveness Block Grant	154,535
Kitchen Infrastructure & Training Funds	121,017
Expanded Learning Opportunities (ELO) Grant ESSER III	99,337
Elementary and Secondary School Relief II (ESSER II) Fund	66,444
Universal Pre-kinder (UPK) Planning & Implementation Grant	64,340
In-Person Instruction (IPI) Grant	50,585
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	28,361
ESSA: Title III, English Learner Student Program	12,566
Other	11,179
Child Nutrition: Food Service Staff Training Funds	10,522
Expanded Learning Opportunities (ELO) Grant GEER II	6,509
ARP - Homeless Children & Youth II (ARP-HCY II)	2,676
	<hr/>
Total deferred revenue	\$ 1,491,933

Amethod Public Schools

Notes to Financial Statements

June 30, 2023

Accounts Receivable

Accounts receivable are recorded based on the amount expected to be collected from the federal and state government agencies. The amount recorded is based on apportionment schedules issued by the CDE throughout the fiscal year. Management believes that collections of accounts receivable is reasonably assured based on the nature of the receivable coming from government agencies. As such, no allowance for doubtful accounts has been provided.

Leases

Effective July 1, 2022, the Organization adopted FASB Accounting Standards Update No. 2016-02, Leases (Topic 842), and all related amendments using the modified retrospective approach. The Organization's 2022 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

Topic 842 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities of \$40,544,784 and \$45,385,443, respectively.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the organization elected:

- The package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Organization has elected the policy not to separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Organization elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 9.

Amethod Public SchoolsNotes to Financial Statements
June 30, 2023**3. Cash**

Cash at June 30, 2023, consisted of the following:

Cash in banks	\$ 10,587,475
Total cash	<u>\$ 10,587,475</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

4. Liquidity and Availability of Financial Assets

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating with a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets
- The Organization does not have a line of credit available to assist with liquidity management.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 10,587,475
Accounts receivable	<u>8,979,784</u>
Total financial assets available within one year	<u>\$ 19,567,259</u>

5. Accounts Receivable

Accounts receivable at June 30, 2023, consisted of the following:

Revenue limit sources:	
State aid	\$ 3,460,432
In-lieu of property taxes	514,643
Federal revenues	1,536,624
State revenues	2,408,863
Local revenues	<u>1,059,222</u>
Total accounts receivable	<u>\$ 8,979,784</u>

Amethod Public SchoolsNotes to Financial Statements
June 30, 2023**6. Property and Equipment, Net**

Property and equipment, net, at June 30, 2023, consisted of the following:

Leasehold improvements	\$ 11,692,294
Land improvements	6,351,846
Equipment	489,772
Buildings	1,961,079
Less accumulated depreciation	<u>(7,236,017)</u>
Total property and equipment, net	<u>\$ 13,258,974</u>

During the fiscal year ended June 30, 2023, a total of \$ 726,897 was charged to depreciation expense.

7. Notes Payable**Umpqua Bank Promissory Note**

In April 2022, the Organization entered into loan agreements with Umpqua bank in the principal amount of \$8,000,000 with interest at 4.79% per annum. The loans mature in April 2027, along with any accrued unpaid interest. Unpaid balance at June 30, 2023, was \$7,535,005.

Future minimum payments on the notes payable are as follows:

Years ending June 30:	
2024	\$ 406,928
2025	413,718
2026	433,976
2027	<u>6,280,383</u>
Total	<u>\$ 7,535,005</u>

Changes in obligations under notes payable for the fiscal year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due in One Year
Capital lease payable	\$ 54,120	\$ -	\$ (41,597)	\$ 12,523	\$ 12,523
Umpqua Bank Promissory Note	<u>7,894,721</u>	<u>-</u>	<u>(372,239)</u>	<u>7,522,482</u>	<u>394,405</u>
Total	<u>\$ 7,948,841</u>	<u>\$ -</u>	<u>\$ (417,181)</u>	<u>\$ 7,535,005</u>	<u>\$ 406,928</u>

8. Employee retirement plan

The Organization established a defined contribution plan called Amethod Public Schools 401(k) Retirement Plan (Plan) under the provisions of the Employee Retirement Security Act of 1974 (ERISA). The Organization is a sponsor of the Plan.

Amethod Public Schools

Notes to Financial Statements

June 30, 2023

Participation in the Plan is open to all employees who have reached age 21 and completed two months of service, as defined by the Plan. The Organization may make a discretionary matching contribution equal to 100% of the participant's elective deferrals up to 3.0% of the participant's salary. The Organization's contribution to the Plan for the fiscal year ending June 30, 2023, was

9. Leases

Leases during the year ended June 30, 2023, consist of facilities and equipment in which the Organization operates, located at Oakland, California. There are no leases with variable payments, terms with residual value guarantees, or restrictions.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

The Organization's leases do not include options to renew.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses a risk-free rate based on U.S. Treasury notes for similar terms.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the lease right-of-use assets and lease liabilities as of June, 30, 2023:

Right-of-use assets:	
Operating leases	\$ 36,720,813
Total right-of-use assets	<u>\$ 36,720,813</u>
Lease liabilities:	
Current operating lease liabilities	\$ 3,860,820
Long-term operating lease liabilities	<u>37,987,871</u>
Total lease liabilities	<u>\$ 41,848,691</u>

Amethod Public SchoolsNotes to Financial Statements
June 30, 2023

Below is a summary of expenses incurred pertaining to leases during the year ended June 30, 2023:

Operating lease expense	<u>\$ 5,282,230</u>
Weighted average remaining lease term (in years):	
Operating leases	10.61
Weighted average discount rate:	
Operating leases	3.41 %

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after June 30, 2023:

Year ending June 30:	
2024	\$ 5,208,336
2025	5,358,095
2026	4,624,737
2027	3,895,719
2028	3,929,987
Thereafter	<u>27,421,322</u>
Total lease payments	50,438,196
Less present value discount	<u>(8,589,505)</u>
Total lease liabilities	41,848,691
Less current portion	<u>(3,860,820)</u>
Long-term lease liabilities	<u><u>\$ 37,987,871</u></u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 4,994,882</u>
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	<u><u>\$ 40,544,784</u></u>

10. Accrued Expenses

Accrued expenses as of June 30, 2023, consisted of the following:

Accrued payroll expenses	\$ 1,214,029
Other accrued expenses	600,376
District oversight fee	<u>5,214</u>
Total accrued expenses	<u><u>\$ 1,819,619</u></u>

Amethod Public Schools

Notes to Financial Statements
June 30, 2023

11. Commitments and Contingencies

State Allowances, Awards and Grants

The Organization has received state 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, management believes that any required reimbursement will not be material.

12. Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through **April 30, 2024**, which is the date the financial statements were available to be issued. Management believes there are no events which require adjustments to, or disclosures in, the accompanying financial statements.

Amethod Public Schools

Organization
June 30, 2023

Amethod Public Schools (the Organization) consists of the following six charter schools:

Oakland Charter Academy #0014 was petitioned and approved through the Oakland Unified School District and serves grades 6 through 8. OCA commenced operations in 1993 and was granted a charter renewal that expires on June 30, 2026.

Oakland Charter High School #0883 was petitioned and approved through the Oakland Unified School District and commenced operations in 2007 and was granted a charter renewal that expires on June 30, 2025.

Richmond Charter Academy #1441 was petitioned and approved through the West Contra Costa Unified School District and began operations in 2013. RCA serves grades 6 through 8 and was granted a renewal that expires on June 30, 2025.

Downtown Charter Academy # 1661 was petitioned and approved through the Oakland Unified School District and began operations in 2014. DCA serves grades 6 through 8 and was granted a charter that expires on June 30, 2027.

Richmond Charter Elementary - Benito Juarez Elementary #1660 was petitioned and approved through the West Contra Costa Unified School District and began operations in 2014. BJE serves grades Kindergarten through grade 5 and was granted a charter that expires on June 30, 2027.

John Henry High School #1741 was petitioned and approved through the West Contra Costa Unified School District and began operations in 2015. The previous charter expired on June 30, 2021. In July of 2020, JHHS was granted a charter that expires on June 30, 2028, and became authorized by the State Board of Education. JHHS currently serves grades 9 through 12.

The Organization's Board for the fiscal year ended June 30, 2023, consisted of the following:

Name	Office	Term	Term Expiration
John Azubuike	Member	4	January 2025
Edgar Quiroz	Treasurer	4	January 2027
Maribel Gonzalez	Member	4	October 2023
Gilbert Lopez, Jr.	Board Chair	4	January 2024
Nick Driver	Board Vice Chair	1	August 2024
Elisa Gallegos	Secretary	3	October 2026
Mohamed Obaid	Member	4	October 2026
Andres Emmanuelli	Member	4	February 2027

Administration

Name	Position
Sylvia Flores	Interim CEO
Maria Arechiga	Senior Director of Operations and Compliance

Amethod Public Schools

Schedule of Average Daily Attendance

Year Ended June 30, 2023

Oakland Charter Academy

	Second Period Report	Annual Report
Grades 4 - 6	73.96	73.89
Grades 7 - 8	116.60	116.04
Total	190.56	189.93

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

Oakland Charter High School

	Second Period Report	Annual Report
Grades 9 - 12	394.48	392.44
Total	394.48	392.44

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

Richmond Charter Academy

	Second Period Report	Annual Report
Grades 4 - 6	105.40	104.89
Grades 7 - 8	192.57	190.94
Total	297.97	295.83

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

Amethod Public Schools

Schedule of Average Daily Attendance

Year Ended June 30, 2023

Downtown Charter Academy

	Second Period Report	Annual Report
Grades 4 - 6	90.85	91.13
Grades 7 - 8	161.02	160.94
Total	251.87	252.07

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

Benito Juarez Elementary

	Second Period Report	Annual Report
TK/K - 3	287.51	287.12
Grades 4 - 6	148.11	148.11
Total	435.62	435.23

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

John Henry High School

	Second Period Report	Annual Report
Grades 9 - 12	334.26	334.36
Total	334.26	334.36

The Organization is 100% classroom-based and does not generate any ADA through an Independent Study program.

Amethod Public Schools

Schedule of Instructional Time

Fiscal Year Ended June 30, 2023

Oakland Charter Academy

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 6	54,000	65,440	180	In compliance
Grade 7	54,000	66,870	180	In compliance
Grade 8	54,000	66,870	180	In compliance

Oakland Charter High School

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	64,800	65,575	180	In compliance
Grade 10	64,800	65,575	180	In compliance
Grade 11	64,800	65,575	180	In compliance
Grade 12	64,800	65,575	180	In compliance

Richmond Charter Academy

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 6	54,000	66,105	180	In compliance
Grade 7	54,000	66,105	180	In compliance
Grade 8	54,000	66,105	180	In compliance

Amethod Public Schools

Schedule of Instructional Time
Fiscal Year Ended June 30, 2023

Downtown Charter Academy

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 6	54,000	61,864	180	In compliance
Grade 7	54,000	61,864	180	In compliance
Grade 8	54,000	61,864	180	In compliance

Benito Juarez Elementary

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	59,400	180	In compliance
Grade 1	50,400	59,400	180	In compliance
Grade 2	50,400	59,400	180	In compliance
Grade 3	50,400	67,500	180	In compliance
Grade 4	54,000	67,500	180	In compliance
Grade 5	54,000	67,500	180	In compliance

John Henry High School

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	64,800	67,930	180	In compliance
Grade 10	64,800	67,930	180	In compliance
Grade 11	64,800	67,930	180	In compliance
Grade 12	64,800	67,930	180	In compliance

Amethod Public Schools

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
NCLB: Title I, Part A, Basic Grants	84.010	14329	
Low-Income and Neglected			
Oakland Charter Academy			\$ 61,846
Oakland Charter High School			22,115
Richmond Charter Academy			19,303
Downtown Charter Academy			63,353
Benito Juarez Elementary			87,945
John Henry High School			27,872
			<hr/>
			282,434
 ESEA(ESSA): Title II, Part A, Supporting Effective			
Instruction Local Grants	84.367	14341	
Oakland Charter Academy			3,593
Oakland Charter High School			9,411
Richmond Charter Academy			7,481
Downtown Charter Academy			9,100
Benito Juarez Elementary			7,710
John Henry High School			11,674
			<hr/>
			48,969
 COVID-19 - Elementary and Secondary School Emergency Relief II			
(ESSER II) Fund	84.425	15547	
Oakland Charter Academy			17,853
Oakland Charter High School			12,287
Richmond Charter Academy			50,782
Downtown Charter Academy			74,098
Benito Juarez Elementary			58,420
John Henry High School			722
			<hr/>
			214,162
 COVID-19 - Elementary and Secondary School Emergency Relief III			
(ESSER III) Fund	84.425	15559	
Oakland Charter Academy			431,856
Oakland Charter High School			212,460
Richmond Charter Academy			144,922
Downtown Charter Academy			232,701
Benito Juarez Elementary			188,574
John Henry High School			243,026
			<hr/>
			1,453,539
 COVID-19 - Elementary and Secondary School Emergency Relief III			
(ESSER III) Fund: Learning Loss	84.425U	10155	
Downtown Charter Academy			16,022
Benito Juarez Elementary			47,800
			<hr/>
			63,822
 COVID-19 - Expanded Learning Opportunities (ELO) Grant			
ESSER II State Reserve	84.425D	15618	
Richmond Charter Academy			25,381
Downtown Charter Academy			6,280
Benito Juarez Elementary			32,206
John Henry High School			27,424
			<hr/>
			91,291

Amethod Public Schools**Schedule of Expenditures of Federal Awards**
For the Fiscal Year Ended June 30, 2023

COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	
Oakland Charter High School			1,892
Richmond Charter Academy			3,822
Benito Juarez Elementary			10,650
John Henry High School			2,242
			<u>18,606</u>
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III			
State Reserve, Emergency Needs	84.425U	15620	
Oakland Charter High School			23,750
Richmond Charter Academy			187
Downtown Charter Academy			24,000
			<u>47,937</u>
Special Ed: IDEA Cluster			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	
Oakland Charter Academy			36,115
Oakland Charter High School			66,504
Richmond Charter Academy			40,519
Downtown Charter Academy			39,785
Benito Juarez Elementary			71,055
John Henry High School			49,914
			<u>303,892</u>
Total Special Ed: IDEA Cluster			<u>303,892</u>
Total U.S. Department of Education			<u>2,524,652</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
National School Lunch Program	10.555	13755	
Oakland Charter Academy			36,650
Oakland Charter High School			98,669
Richmond Charter Academy			50,784
Downtown Charter Academy			29,720
Benito Juarez Elementary			111,667
John Henry High School			53,766
			<u>381,256</u>
Total Child Nutrition Cluster			<u>381,256</u>
Total U.S. Department of Agriculture			<u>381,256</u>
Total expenditures of federal awards			<u><u>\$ 2,905,908</u></u>

Amethod Public Schools

Schedule of Expenditures of Federal Awards Fiscal Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Amethod Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Amethod Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Amethod Public Schools.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Amethod Public Schools elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Amethod Public Schools

Reconciliation of Charter School Unaudited Actuals Financial Report—
Alternative Form With Audited Financial Statements
Fiscal Year Ended June 30, 2023

Oakland Charter Academy

**June 30, 2023, Charter School Unaudited Actuals Financial Report—
Alternative Form, Ending Fund Balance**

\$ 4,469,361

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	(557,196)
Accounts receivable	509,194
Prepaid expenses and other assets	20,042
Property and equipment, net	(24,129)
Right of use assets, net	1,753,144
Accounts payable	112,029
Accrued expenses	(164,382)
Deferred revenue	51,610
Due to governments	(66,564)
Notes payable	-
Lease liability	(1,832,377)

Net adjustments and reclassifications

(198,629)

June 30, 2023, audited financial statement net assets

\$ 4,270,732

Oakland Charter High School

**June 30, 2023, Charter School Unaudited Actuals Financial Report—
Alternative Form, Ending Fund Balance**

\$ 9,202,132

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	1,134,104
Accounts receivable	221,488
Prepaid expenses and other assets	53,059
Right of use assets, net	1,435,226
Property and equipment, net	(130,109)
Accounts payable	188,991
Accrued expenses	(265,652)
Deferred revenue	(64,313)
Due to governments	(1,093,882)
Notes payable	(3,274)
Lease liability	(1,505,730)

Net adjustments and reclassifications

(30,092)

June 30, 2023, audited financial statement net assets

\$ 9,172,040

Amethod Public Schools

Reconciliation of Charter School Unaudited Actuals Financial Report—
Alternative Form With Audited Financial Statements
Fiscal Year Ended June 30, 2023

Richmond Charter Academy

**June 30, 2023, Charter School Unaudited Actuals Financial Report—
Alternative Form, Ending Fund Balance**

\$ 1,010,499

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	5,962,459
Accounts receivable	595,106
Prepaid expenses and other assets	48,126
Right of use assets, net	9,711,351
Property and equipment, net	(86,265)
Accounts payable	226,099
Accrued expenses	(196,736)
Deferred revenue	(230,366)
Due to government	(90,150)
Due to related parties	(7,500,000)
Notes payable	1,702,396
Lease liability	(10,677,853)

Net adjustments and reclassifications

(535,833)

June 30, 2023, audited financial statement net assets

\$ 474,666

Downtown Charter Academy

**June 30, 2023, Charter School Unaudited Actuals Financial Report—
Alternative Form, Ending Fund Balance**

\$ 4,667,223

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	(337,289)
Accounts receivable	60,069
Prepaid expenses and other assets	(11,766)
Right of use assets, net	1,582,850
Property and equipment, net	(11,637)
Deposits	45,000
Accounts payable	319,698
Accrued expenses	(321,907)
Deferred revenue	(117,202)
Due to government	(124,379)
Lease liability	(1,605,919)

Net adjustments and reclassifications

(522,482)

June 30, 2023, audited financial statement net assets

\$ 4,144,741

Amethod Public Schools

Reconciliation of Charter School Unaudited Actuals Financial Report—
Alternative Form With Audited Financial Statements
Fiscal Year Ended June 30, 2023

Benito Juarez Elementary

**June 30, 2023, Charter School Unaudited Actuals Financial
Report -- Alternative Form, Ending Fund Balance**

\$ 4,052,178

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	(1,560,364)
Accounts receivable	955,441
Related party receivable	(22,533)
Prepaid expenses and other assets	(88,079)
Right of use assets, net	10,322,367
Property and equipment, net	(172,228)
Accounts payable	588,751
Accrued expenses	(200,497)
Deferred revenue	(149,195)
Due to government	(119,753)
Lease liability	(12,400,380)
Notes payable	2,490,861

Net adjustments and reclassifications

(355,609)

June 30, 2023, audited financial statement net assets

\$ 3,696,569

John Henry High School

**June 30, 2023, Charter School Unaudited Actuals Financial Report—
Alternative Form, Ending Fund Balance**

\$ 1,728,326

Adjustments and reclassifications:

Increasing (decreasing) the fund balance:

Cash	(738,145)
Accounts receivable	486,761
Related party receivable	(17,512)
Prepaid expenses and other assets	40,805
Right of use assets, net	8,725,553
Property and equipment, net	(61,920)
Deposits	50,000
Accounts payable	1,467,414
Accrued expenses	(302,379)
Deferred revenue	(164,021)
Due to government	(1,344,816)
Lease liability	(10,445,150)
Notes payable	1,579,117

Net adjustments and reclassifications

(724,293)

June 30, 2023, audited financial statement net assets

\$ 1,004,033

Amethod Public SchoolsCombining Schedule of Financial Position
June 30, 2023

	Oakland Charter Academy	Oakland Charter High School	Richmond Charter Academy	Downtown Charter Academy	Benito Juarez Elementary	John Henry High School	Home Office	Eliminations	Total
Assets									
Current Assets									
Cash	\$ 3,513,114	\$ 9,269,837	\$ 934,695	\$ 4,231,330	\$ 2,282,795	\$ 2,568,885	\$ (12,213,181)	\$ -	\$ 10,587,475
Accounts receivable	1,637,576	1,723,877	1,540,256	644,880	2,058,203	1,375,017	(25)	-	8,979,784
Related party receivable	-	-	-	-	-	-	7,500,000	(7,500,000)	-
Prepaid expenses and other assets	65,403	62,766	145,835	46,463	112,241	128,069	200,006	-	760,783
Total current assets	5,216,093	11,056,480	2,620,786	4,922,673	4,453,239	4,071,971	(4,513,200)	(7,500,000)	20,328,042
Right of Use Assets, Net	1,753,144	1,435,226	9,711,351	1,582,850	10,322,367	8,725,553	3,190,322	-	36,720,813
Property and Equipment, Net	8,265	240,585	7,555,319	23,175	2,019,682	549,169	2,862,779	-	13,258,974
Deposits	-	-	-	45,000	-	50,000	-	-	95,000
Total assets	<u>\$ 6,977,502</u>	<u>\$ 12,732,291</u>	<u>\$ 19,887,456</u>	<u>\$ 6,573,698</u>	<u>\$ 16,795,288</u>	<u>\$ 13,396,693</u>	<u>\$ 1,539,901</u>	<u>\$ (7,500,000)</u>	<u>\$ 70,402,829</u>
Liabilities and Net Assets									
Current Liabilities									
Accounts payable	\$ 133,032	\$ 221,718	\$ 84,298	\$ 165,785	\$ 132,581	\$ 132,619	\$ 7,410	\$ -	\$ 877,443
Accrued expenses	164,382	265,652	196,736	321,907	200,497	302,379	368,066	-	1,819,619
Deferred revenue	135,569	469,993	271,783	205,059	245,508	164,021	-	-	1,491,933
Due to governments	441,410	1,093,884	682,120	124,713	119,753	1,344,816	-	-	3,806,696
Due to related parties	-	-	7,500,000	-	-	-	-	(7,500,000)	-
Lease liability, current portion	310,246	730,085	594,402	494,353	690,225	579,972	461,537	-	3,860,820
Notes payable, current portion	-	3,274	-	5,574	-	3,675	394,405	-	406,928
Total current liabilities	1,184,639	2,784,606	9,329,339	1,317,391	1,388,564	2,527,482	1,231,418	(7,500,000)	12,263,439
Long-Term Liabilities									
Lease liability, net of current portion	1,522,131	775,645	10,083,451	1,111,566	11,710,155	9,865,178	2,919,745	-	37,987,871
Notes Payable, net of current portion	-	-	-	-	-	-	7,128,077	-	7,128,077
Total long-term liabilities	1,522,131	775,645	10,083,451	1,111,566	11,710,155	9,865,178	10,047,822	-	45,115,948
Total liabilities	2,706,770	3,560,251	19,412,790	2,428,957	13,098,719	12,392,660	11,279,240	(7,500,000)	57,379,387
Net Assets (Deficit):									
Net assets without donor restrictions									
Undesignated	4,270,732	9,172,040	474,666	4,144,741	3,696,569	1,004,033	(9,739,339)	-	13,023,442
Total net assets (deficit)	4,270,732	9,172,040	474,666	4,144,741	3,696,569	1,004,033	(9,739,339)	-	13,023,442
Total liabilities and net assets	<u>\$ 6,977,502</u>	<u>\$ 12,732,291</u>	<u>\$ 19,887,456</u>	<u>\$ 6,573,698</u>	<u>\$ 16,795,288</u>	<u>\$ 13,396,693</u>	<u>\$ 1,539,901</u>	<u>\$ (7,500,000)</u>	<u>\$ 70,402,829</u>

Amethod Public Schools

Combining Schedule of Activities
Fiscal Year Ended June 30, 2023

	Oakland Academy Net Assets Without Donor Restrictions	Oakland Charter High School Net Assets Without Donor Restrictions	Richmond Charter Academy Net Assets Without Donor Restrictions	Downtown Charter Academy Net Assets Without Donor Restrictions	Benito Juarez Elementary Net Assets Without Donor Restrictions	John Henry High School Net Assets Without Donor Restrictions	Home Office School Net Assets Without Donor Restrictions	Elimination	Total
Revenues									
Revenue limit sources:									
State aid	\$ 1,681,527	\$ 4,127,057	\$ 2,238,471	\$ 2,258,464	\$ 4,224,776	\$ 4,732,780	\$ -	\$ -	\$ 19,263,075
Education protection account	158,071	384,370	248,345	50,374	87,124	66,852	-	-	995,136
In-lieu of property taxes	640,409	1,325,717	1,015,273	846,452	1,484,288	-	-	-	5,312,139
Federal revenues	587,912	447,089	343,182	495,060	616,104	416,561	-	-	2,905,908
State revenues	1,415,720	2,164,815	1,732,891	1,744,178	2,893,771	1,942,791	-	-	11,894,166
Local revenues	111,399	65,924	96,172	88,447	146,827	106,332	4,262,825	(3,873,989)	1,003,937
Total revenues	4,595,038	8,514,972	5,674,334	5,482,975	9,452,890	7,265,316	4,262,825	(3,873,989)	41,374,361
Expenses									
Program services:									
Education	3,183,774	5,696,021	4,208,377	4,172,234	6,096,674	4,912,359	2,705,382	-	30,974,821
Support services:									
Management and general	1,109,161	1,740,496	1,187,206	1,016,057	1,584,514	1,361,045	1,954,196	(3,873,989)	6,078,686
Total expenses	4,292,935	7,436,517	5,395,583	5,188,291	7,681,188	6,273,404	4,659,578	(3,873,989)	37,053,507
Change in net assets	302,103	1,078,455	278,751	294,684	1,771,702	991,912	(396,753)	-	4,320,854
Net Assets (Deficit), Beginning	3,968,629	8,093,585	195,915	3,850,057	1,924,867	12,121	(9,342,586)	-	8,702,588
Net Assets (Deficit), Ending	<u>\$ 4,270,732</u>	<u>\$ 9,172,040</u>	<u>\$ 474,666</u>	<u>\$ 4,144,741</u>	<u>\$ 3,696,569</u>	<u>\$ 1,004,033</u>	<u>\$ (9,739,339)</u>	<u>\$ -</u>	<u>\$ 13,023,442</u>

Amethod Public Schools

Combining Schedule of Cash Flows
Fiscal Year Ended June 30, 2023

	Oakland Charter Academy	Oakland Charter High School	Richmond Charter Academy	Downtown Charter Academy	Benito Juarez Elementary	John Henry High School	Home Office	Total
Cash Flows From Operating Activities								
Change in net assets	\$ 302,103	\$ 1,078,455	\$ 278,751	\$ 294,684	\$ 1,771,702	\$ 991,912	\$ (396,753)	\$ 4,320,854
Adjustments to reconcile change in net assets to net cash flows provided by operating activities								
Depreciation	24,130	130,108	86,265	11,635	172,227	61,922	240,610	726,897
Adjustments to change in net assets								
(Increase) decrease in operating assets:								
Accounts receivable	(441,937)	(304,966)	(649,358)	876,051	(448,805)	46,564	-	(922,451)
Related party receivable	-	2,000,000	6,500,000	-	(1,000,000)	-	(7,500,000)	-
Prepaid expenses and other assets	(32,422)	84,811	(6,167)	(906)	13,191	(32,416)	(116,996)	(90,905)
Right of use assets, net	79,232	70,504	966,502	23,070	2,078,014	1,719,596	190,960	5,127,878
Deposits	-	-	25,000	-	-	-	-	25,000
Increase (decrease) in operating liabilities:								
Accounts payable	(148,886)	(319,886)	(151,744)	(69,617)	(399,530)	(214,580)	(55,062)	(1,359,305)
Accrued expenses	38,820	41,548	64,844	131,518	36,604	130,214	236,772	680,320
Due to governments	433,663	850,376	508,974	124,099	119,139	(325,630)	-	1,710,621
Deferred revenue	(274)	137,155	230,365	22,704	149,810	88,424	-	628,184
Deferred rent	(67,879)	(72,843)	(850,417)	(2,400)	(2,026,068)	(1,669,378)	(151,674)	(4,840,659)
Net cash flows provided by operating activities	186,550	3,695,262	7,003,015	1,410,838	466,284	796,628	(7,552,143)	6,006,434
Cash Flows From Financing Activities								
Payment on notes payable	(401)	(17,976)	-	(5,244)	-	(17,976)	(372,239)	(413,836)
Net cash flows used in financing activities	(401)	(17,976)	-	(5,244)	-	(17,976)	(372,239)	(413,836)
Net increase in cash	186,149	3,677,286	7,003,015	1,405,594	466,284	778,652	(7,924,382)	5,592,598
Cash, Beginning	3,326,965	5,592,551	(6,068,320)	2,825,736	1,816,511	1,790,233	(4,288,799)	4,994,877
Cash, Ending	\$ 3,513,114	\$ 9,269,837	\$ 934,695	\$ 4,231,330	\$ 2,282,795	\$ 2,568,885	\$ (12,213,181)	\$ 10,587,475
Supplemental Disclosure of Cash Flow Information								
Cash paid for interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 372,239	\$ 372,239

**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
Amethod Public Schools

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 (*Government Auditing Standards*), the financial statements of Amethod Public Schools (the Organization), which comprise the Organization's statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompany schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

San Diego - California

April 30, 2024



**Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Amethod Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Amethod Public Schools' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 compliance for each major federal program. Our audit does not provide a legal determination of the Organization'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 effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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 and 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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, as defined above. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

San Diego - California

April 30, 2024

Report on State Compliance and on Internal Control Over Compliance for State Programs

Independent Auditors' Report

To the Board of Directors of
Amethod Public Schools

Report on Compliance

Qualified and Unmodified Opinions

We have audited the Amethod Public Schools' (the Organization) 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 the Organization's state compliance requirements identified for the year ended June 30, 2023.

Qualified Opinions on After / Before School Education and Safety Program and Mode of Instruction

In our opinion, except for the noncompliance described in the "Matters Giving Rise to Qualified Opinion on After / Before School Education and Safety Program and Mode of Instruction" section of our report, the Organization complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on the Other State Programs

In our opinion, the Organization complied, in all material respects, with the laws and regulations of the other state programs noted in the table below for the year ended June 30, 2023.

Basis for Qualified and Unqualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on After / Before School Education and Safety Program and Mode of Instruction

As described in the accompanying schedule of findings and questions costs, the Organization did not comply with requirements regarding After / Before School Education and Safety Program and Mode of Instruction as described in findings 2023-002 and 2023-003.

Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstance;
- Obtain an understanding of the Organization'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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
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	Not Applicable
Expanded Learning Opportunities Grant (E LO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes, Classroom-Based	Yes
Charter School Facility Grant Program	Yes

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

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 and material weaknesses in internal control over compliance that we identify 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 and 2023-003, to be material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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 identified deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

Government Auditing Standards requires the auditor to perform limited procedures over the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

San Diego, California

Date of Report

Amethod Public Schools

Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor's Results**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

 yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.425	COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund
84.425U	COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss
84.425D	COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve
84.425C	COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II
84.425U	COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

Amethod Public SchoolsSchedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023**State Awards**

Internal control over state programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	no
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	none reported

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

Qualified**Section II - Financial Statement Findings**Finding 2023-001(1) Criteria

Internal controls over financial reporting should include preparing reliable and accurate financial reports in a timely manner.

(2) Condition

The Organization did not ensure accurate or reliable year end accounting records .

(3) Cause

The Organization experienced multiple instances of turnover at the CEO and CFO position during the course of the audit. In addition, the Organization did not have sufficient experience and background to help maintain accurate and reliable financial records during the year end audit and ensure a timely closure of year end accounting records.

(4) Effect or Potential Effect

The turnover at the CEO and CFO position along with the inconsistency of accounting records resulted in a delay in obtaining sufficient and proper audit support which in part delayed the audit testing and completion timeline.

(5) Recommendation

We recommend the Organization establish policies and procedures to ensure the proper levels of review over the financial reporting to ensure accuracy and consistency of accounting records. In addition, we recommend the Organization establish a plan of continued education and training for the finance department to ensure they have sufficient education and background to prepare reliable and accurate financial reports.

(6) Views of Responsible Officials and Planned Corrective Actions

As of May 1, 2024, Amethod Public Schools (the Organization) has entered into a contract with Charter Impact, a business services management company. Charter Impact will be supporting the Organization with the following: Implementation and Training, Budgeting and Forecasting, Monthly Financial Reporting, Compliance And Grant Reporting, Bank Reconciliation and GL Maintenance, Cash Management, AP/AR, Audit Preparation and Authorizer Oversight, Tax Preparation and Support, and Board Support and Training. The Charter Impact support team consists of a: Director of Finance, Accounting Manager, Senior Accountant, Staff Accountant, AP Manager, AP Analyst, AP Associate, Payroll Supervisor, Payroll Specialist, Payroll Assistant, and a Retirement Specialist.

Amethod Public SchoolsSchedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023

In addition to adding the services that Charter Impact will provide, the Organization will hire a Chief Operations Officer (COO) who will be responsible for overseeing the partnership between Charter Impact and our internal finance team to ensure effective management structures and strong internal controls. Furthermore, the Organization's Board of Directors and the Organization's Board of Directors Finance Committee will have regular meetings with the COO and CEO to provide oversight of financial reporting operations.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned CostsFinding 2023-002

40000 – State Compliance – After / Before School Education and Safety Program

(7) Criteria

The Organization is required to accurately report the number of pupils served in the program through attendance records.

(8) Condition

The Organization did not have a process or procedure that provided sufficient oversight and confirmation of the attendance reporting.

(9) Effect

Pupils who are identified on the hand-written attendance record at the site were not properly entered into the information system resulting in a potential overstatement of pupils served by the program which may result in a change in funds allocated to the Organization.

(10) Cause

The Organization experienced challenges with ASES staff turnover which led to inconsistencies in ASES attendance reporting.

(11) Effect on ADA

None.

(12) Recommendation

We recommend the Organization establish policies or procedures to properly capture the attendance of each pupil participating in the program and review processes in place to ensure proper transfer of that attendance to the information attendance system.

Amethood Public Schools

Schedule of Findings and Questioned Costs Fiscal Year Ended June 30, 2023

(13) Organization's Corrective Action Plan

The Organization agrees with the recommendation and all sites are now required to enter daily students' attendance into the student information system so that the reports are clear, saved and can be accessed. In addition, attendance will be reconciled monthly at the same time that the ADA is reconciled and reported.

ASES coordinators will receive training and be asked to use a standard template for sign in sheets and uniform symbols to track attendance. Schools will maintain the sign in sheets but will be required to scan and upload copies into a shared drive with both finance and operations who will be reviewing the sheets and making sure that they match the reported monthly attendance.

Finding 2023-003

40000 – State Compliance – Mode of Instruction

(1) Criteria

Pupils are required to be engaged in educational activities required of those pupils and the pupils are under the immediate supervision and control of an employee of the Organization who possessed a valid teaching certification in accordance with Education Code Section 47605(l) or 47605.4.

(2) Condition

One teacher did not possess a valid teaching certification in accordance with Education Code Section 47605(l) or 47605.4.

(3) Effect

A penalty will be derived in accordance with Education Code Section 45037(b) and is approximately \$33,241 based on the number of days of instruction provided by the teacher without a valid certification which equated to 0.1300% of total days of instruction multiplied by the Revenue Limit Sources totaling \$25,570,342.

(4) Cause

The Organization did not sufficiently complete the application process to obtain a California credential for an out-of-state teacher until after the year under audit.

(5) Effect on ADA

None.

(6) Recommendation

We recommend the Organization establish a system to validate each teacher's credential on an annual basis prior to the start of the school year, and to validate teachers hired during the school year.

Amethod Public Schools

Schedule of Findings and Questioned Costs

Fiscal Year Ended June 30, 2023

(7) Organization's Corrective Action Plan

The Organization agrees with the recommendation and has implemented changes to staffing and training for new staff. The Organization's hiring process was updated to ensure that trained HR personnel check credentials early in the hiring process and track when credentials will expire. The purpose is to ensure there is no lapse in credentialing. The Organization purchased a new software tracking system, Helios, which is customizable and can report on important credential information. The Organization will be conducting monthly staffing and credential audits at all school sites to make sure that the Organization is aware of any teaching assignment changes and that staff is properly credentialed.

Amethod Public SchoolsSchedule of Prior Audit Findings
Fiscal Year Ended June 30, 2023

Findings/Recommendations	Current Status	Explanation If Not Implemented
2022-1: The Organization required material audit adjustments to the financial statements in order for the financial statements to be presented in accordance with GAAP / The Organization should enhance their financial close process by including reviews of financial records and adjustments by the Director of Finance and the Board.	Repeat finding	Refer to finding 2023-001 language in the Schedule of Findings and Questioned Costs