



THE ACADEMY
OF ALAMEDA

THE ACADEMY OF ALAMEDA

AUDIT REPORT

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

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

Academy of Alameda (Charter No. 1181)

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Academy of Alameda
Alameda, California

Report on the Financial Statements**Opinion**

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Academy of Alameda 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Exercise professional 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 Academy of Alameda'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 Academy of Alameda's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, on our consideration of The Academy of Alameda'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 Academy of Alameda'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 Academy of Alameda's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 8, 2023

THE ACADEMY OF ALAMEDA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 3,998,371
Accounts receivable	1,860,006
Prepaid expenses	100,613
Total current assets	<u>5,958,990</u>

Noncurrent assets

Property and equipment	119,160
Less accumulated depreciation	<u>(32,558)</u>
Capital assets, net	86,602
Total Assets	<u>\$ 6,045,592</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,033,953
Deferred revenue	848,669
Total liabilities	<u>1,882,622</u>

Net assets

Without donor restrictions	<u>4,162,970</u>
Total net assets	<u>4,162,970</u>
Total Liabilities and Net Assets	<u>\$ 6,045,592</u>

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

**THE ACADEMY OF ALAMEDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 3,752,084
Federal revenues	511,481
Other state revenues	2,660,669
Total federal and state support and revenues	<u>6,924,234</u>
Local support and revenues	
Payments in lieu of property taxes	2,350,836
Parcel tax revenue	620,379
Afterschool childcare fees	213,177
Investment income, net	52,843
Other local revenues	183,911
Total local support and revenues	<u>3,421,146</u>
Total Support and Revenues	<u>10,345,380</u>
 EXPENSES	
Program services	9,566,259
Supporting services	
Management and general	1,094,522
Fundraising	1,029
Total Expenses	<u>10,661,810</u>
 CHANGE IN NET ASSETS	 (316,430)
 Net Assets - Beginning	 <u>4,479,400</u>
 Net Assets - Ending	 <u>\$ 4,162,970</u>

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

**THE ACADEMY OF ALAMEDA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EXPENSES				
Personnel expenses				
Certificated salaries	\$ 3,955,548	\$ 142,628	\$ -	\$ 4,098,176
Non-certificated salaries	1,757,276	67,758	-	1,825,034
Pension plan contributions	1,145,448	39,077	-	1,184,525
Payroll taxes	384,042	14,323	-	398,365
Other employee benefits	652,985	26,487	-	679,472
Total personnel expenses	7,895,299	290,273	-	8,185,572
Non-personnel expenses				
Books and supplies	318,146	44,803	-	362,949
Insurance	-	101,523	-	101,523
Facilities	63,549	217,446	-	280,995
Professional services	1,032,401	310,819	1,029	1,344,249
Depreciation	7,587	2,529	-	10,116
Fees to authorizing agency	164,782	127,052	-	291,834
Other operating expenses	84,495	77	-	84,572
Total non-personnel expenses	1,670,960	804,249	1,029	2,476,238
Total Expenses	\$ 9,566,259	\$ 1,094,522	\$ 1,029	\$ 10,661,810

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

**THE ACADEMY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (316,430)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	10,116
(Increase) decrease in operating assets	
Accounts receivable	(510,557)
Prepaid expenses	(56,255)
Increase (decrease) in operating liabilities	
Accounts payable	562,647
Deferred revenue	468,058
Net cash provided by (used in) operating activities	<u>157,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	<u>(44,000)</u>
Net cash provided by (used in) investing activities	<u>(44,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113,579
Cash and cash equivalents - Beginning	<u>3,884,792</u>
Cash and cash equivalents - Ending	<u>\$ 3,998,371</u>
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	<u>\$ -</u>

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

**THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Academy of Alameda (the “Academy”) was formed as a nonprofit public benefit corporation on September 3, 2009 for the purpose of operating for educational and charitable purposes. The Academy operates a public charter school, Academy of Alameda, which is numbered by the State Board of Education as California Charter No. 1181. The Academy of Alameda equitably develops students into critical thinkers and life-long learners who navigate the world with integrity and who apply their learning to empower themselves and their communities. During the year ended June 30, 2023, The Academy of Alameda served grades K to 8.

Academy of Alameda is authorized to operate as a charter school through the Alameda Unified School District (the “authorizing agency”). In 2019, the Board of Directors of the Alameda Unified School District approved a charter renewal petition for a five-year term beginning July 1, 2020 and expiring on June 30, 2025. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2028.

The Academy previously operated a separate charter school, The Academy of Alameda Elementary School (Charter No. 1718). This charter school was closed effective June 20, 2022 and a material revision was approved for the continuing charter school (Charter No. 1181) to serve students in TK to 8. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

B. Basis of Accounting

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

C. Financial Statement Presentation

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

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

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Estimates

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

E. Contributions

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

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

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

F. In Lieu of Property Tax Revenue

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

G. Functional Expenses

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

H. Cash and Cash Equivalents

The Academy of Alameda considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

I. Investments

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Academy establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

K. Capital Assets

The Academy of Alameda has adopted a policy to capitalize asset purchases over \$15,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

L. Deferred Revenue

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

M. Income Taxes

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

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

N. Fair Value Measurements

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

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

THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. New Accounting Principle

ASC 842 Leases

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

The Academy has determined the impact and noted no significant change to the financial statements as a result of this accounting principle.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2023, consists of the following:

Cash in banks, non-interest bearing	\$ 1,716,010
Cash in Local Agency Investment Fund	2,282,361
Total Cash and Cash Equivalents	\$ 3,998,371

Cash in Banks

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. The Academy of Alameda does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2023, \$1,652,291 of The Academy of Alameda’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

Cash in Local Agency Investment Fund

The Academy of Alameda maintains a portion of its cash in the California State Treasurer’s Local Agency Investment Fund (LAIF) as part of the pooled money investment account. Cash may be added or withdrawn from the investment pool without limitation. The funds in the LAIF are invested in accordance with Government Code Sections 16430 and 16480, the stated investment authority for the pooled money investment account.

NOTE 3 – ACCOUNTS RECEIVABLE

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

Local control funding sources, state aid	\$ 1,012,290
Federal sources	356,442
Other state sources	366,082
In lieu property tax payments	83,172
Other local sources	42,020
Total Accounts Receivable	\$ 1,860,006

THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Property and equipment				
Playground equipment	\$ 75,160	\$ -	\$ -	\$ 75,160
HVAC equipment	-	44,000	-	44,000
Total property and equipment	75,160	44,000	-	119,160
Less accumulated depreciation	(22,442)	(10,116)	-	(32,558)
Capital Assets, net	\$ 52,718	\$ 33,884	\$ -	\$ 86,602

NOTE 5 – ACCOUNTS PAYABLE

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

Due to grantor governments	\$ 813,182
Vendor payables	130,610
Salaries and benefits	90,161
Total Accounts Payable	\$ 1,033,953

NOTE 6 – DEFERRED REVENUE

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

Federal sources	\$ 251,513
State sources	597,156
Total Deferred Revenue	\$ 848,669

NOTE 7 – NET ASSETS

As of June 30, 2023, the Academy did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Academy. At June 30, 2023, the Academy's net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 86,602
Undesignated	4,076,368
Total Net Assets without Donor Restrictions	\$ 4,162,970

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

Financial Assets	
Cash and cash equivalents	\$ 3,998,371
Accounts receivable, current portion	1,860,006
Prepaid expenses	100,613
Contractual or donor-imposed restrictions	
Cash held for conditional contributions	<u>(848,669)</u>
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 5,110,321</u>

NOTE 9 – EMPLOYEE RETIREMENT PLANS

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

California State Teachers’ Retirement System (CalSTRS)

Plan Description

The Academy of Alameda contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Academy’s contributions to CalSTRS for the fiscal year ended June 30, 2023 was \$758,193; 100% of the required contribution.

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for The Academy of Alameda is estimated at \$364,633. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

NOTE 10 – DONATED GOODS AND SERVICES

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

THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

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

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to June 30, 2027. Refer to Note 12 regarding an additional one-year extension.

The Academy makes payments to the authorizing agency to provide required services for oversight. In accordance with California Education Code Section 47613(b), the authorizing agency may charge actual costs of oversight not to exceed 3% of revenue from local control funding formula sources if the authorizing agency also provides substantially free facilities; Alameda Unified School District provides such facilities. Total fees for oversight and facility use as well as shared utility expenses amounted to \$291,834 for the fiscal year ending June 30, 2023.

Parcel Tax Revenue

Alameda Unified School District currently benefits from two parcel taxes, Measure B1, passed in 2016, and Measure A, passed in 2020. Measure B1 was an extension of a 2011 Measure A and provides approximately \$12 million annually to provide funding for eleven (11) categories of programs and services. Measure A was designed to attract and retain high-quality employees by increasing salaries. The program provides approximately \$10 million in funding each year. As a public charter school within the boundaries of Alameda Unified School District, the Academy also receives a portion of this funding. For the fiscal year ended June 30, 2023, the Academy received \$435,893 in parcel tax revenue from Measure A and \$184,486 from Measure B1.

Governmental Funds

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

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Academy's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Academy to make payments to the plan, which would approximate the Academy's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Academy's share of withdrawal liability is approximately \$4,538,726 as of June 30, 2022. Refer to Note 9 for additional information on employee retirement plans.

Pending or Threatened Litigation

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

THE ACADEMY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – SUBSEQUENT EVENTS

The Academy of Alameda has evaluated subsequent events for the period from June 30, 2023 through December 8, 2023, the date the financial statements were available to be issued.

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

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

SUPPLEMENTARY INFORMATION

**THE ACADEMY OF ALAMEDA
LEA ORGANIZATION STRUCTURE
JUNE 30, 2023**

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

The Academy of Alameda, located in Alameda County, was formed as a nonprofit public benefit corporation on September 3, 2019. The charter school operated by the nonprofit, Academy of Alameda, is numbered by the State Board of Education as Charter No. 1181. The Academy is authorized to operate as a charter school through the Alameda Unified School District. Classes initially began in Fall 2010. During 2022-23, the Academy served approximately 607 students in grades K to 8.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
David Forbes	President	June 2025
Carole Robie	Secretary	June 2026
William (Bill) Schaff	Treasurer	June 2024
Karen Zimmerman	Director	June 2024
Amy Price	Director	June 2025
Randy Rentschler	Director	June 2025
Kristin Welch	Director	June 2026
Teresa Ruiz	Director	June 2026

ADMINISTRATION

Christine Chilcott
Executive Director

Sharon Perkins
Director of Operations

Miranda Thorman
Middle School Principal

Leah Rubin
Elementary School Principal

**THE ACADEMY OF ALAMEDA
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2023**

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

	Second Period Report	Annual Report
	<u>Classroom-Based</u>	
Grade Span		
Regular		
Kindergarten through third	173.68	173.61
Fourth through sixth	168.34	167.52
Seventh through eighth	218.67	217.54
Special education		
Seventh through eighth	0.93	0.93
Total Average Daily Attendance - Classroom-Based	<u>561.62</u>	<u>559.60</u>
	<u>Nonclassroom-Based</u>	
Grade Span		
Regular		
Kindergarten through third	0.78	0.81
Fourth through sixth	0.71	0.66
Seventh through eighth	1.61	1.31
Total Average Daily Attendance - Nonclassroom-Based	<u>3.10</u>	<u>2.78</u>
Total Average Daily Attendance	<u>564.72</u>	<u>562.38</u>

**THE ACADEMY OF ALAMEDA
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2023**

This schedule presents information on the amount of instructional time offered per grade level by The Academy of Alameda and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

Grade Level	Minutes Requirement	2022-23 Instructional Minutes	2022-23 Number of Days	Status
Kindergarten	36,000	59,070	180	Complied
Grade 1	50,400	56,370	180	Complied
Grade 2	50,400	56,370	180	Complied
Grade 3	50,400	56,370	180	Complied
Grade 4	54,000	56,370	180	Complied
Grade 5	54,000	56,370	180	Complied
Grade 6	54,000	57,700	180	Complied
Grade 7	54,000	57,700	180	Complied
Grade 8	54,000	57,700	180	Complied

**THE ACADEMY OF ALAMEDA
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2023**

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

June 30, 2023, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 4,129,769</u>
Adjustments:	
Increase (decrease) in total net assets:	
Record interest income on LAIF	<u>33,201</u>
June 30, 2023, net assets per audited financial statements	<u>\$ 4,162,970</u>

OTHER INDEPENDENT AUDITORS' REPORTS

**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
The Academy of Alameda
Alameda, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Academy of Alameda (the "Academy") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 8, 2023

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

To the Board of Directors of
The Academy of Alameda
Alameda, California

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

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

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Academy of Alameda’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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about The Academy of Alameda’s compliance with the requirements of the applicable state programs as a whole.

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

- Exercise professional 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 Academy of Alameda’s compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Academy of Alameda’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of The Academy of Alameda’s internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine The Academy of Alameda’s compliance with the state laws and regulations to the following items:

Description	Procedures Performed
School Districts, County Offices of Education and Charter Schools	
California Clean Energy Jobs Act	Yes
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	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Not applicable
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No*
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

**We did not perform testing of the Nonclassroom-Based/Independent Study program because ADA was not material.*

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

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

Report on Internal Control Over Compliance

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

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

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

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

Christy White, Inc.

San Diego, California
December 8, 2023

FINDINGS AND QUESTIONED COSTS SECTION

**THE ACADEMY OF ALAMEDA
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

Financial Statements

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

Federal Awards

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

State Awards

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

**THE ACADEMY OF ALAMEDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023**

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINANCIAL STATEMENT FINDINGS

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

STATE AWARD FINDINGS AND QUESTIONED COSTS

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

PRIOR AUDIT FINDINGS

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