Navigator Schools

NS Special Board Meeting

Date and Time

Monday March 29, 2021 at 3:00 PM PDT

Location

Zoom

This meeting will take place via teleconference pursuant to Executive Orders N-25-20 and N-29-20.

The Board of Directors and employees of Navigator Schools shall meet via Zoom. Members of the public who wish to access this board meeting may do so online at https://zoom.us/join or via telephone by calling Zoom phone numbers: (669) 900-6833 or (646) 876-9923. The meeting ID is: **960 6868 4338**. The meeting password is: **778106**.

Members of the public attending online who wish to comment during the board meeting will use the online “raise hand” tool in Zoom when the chairperson elicits public comments. Members of the public planning to attend by phone are requested to confirm their intent to comment up to one hour prior to the meeting by calling (831) 217-4894.

Individual comments will be limited to three minutes. If an interpreter is needed, comments will be translated into English and the time limit shall be six minutes. At its discretion, the board may limit the total time allotted to public comments and set new time limits for individual comments. The board reserves the right to mute and remove a participant from the meeting if the participant unreasonably disrupts the meeting.

Requests for disability-related modifications or accommodations to participate in this public meeting should be made forty-eight hours prior to the meeting by calling (831) 217-4894. All efforts will be made for reasonable

accommodations. The agenda and public documents will be modified upon request as required by Section 202 of the Americans with Disabilities Act.

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**3:00 PM**
	Opening Items			
	A. Record Attendance and Guests		John Flaherty	2 m
	The chairperson will direct S. Martin to confirm attendance via roll call.			
	B. Call the Meeting to Order		John Flaherty	1 m
	C. Public Comments		John Flaherty	5 m
	The board will receive public comments regarding non-agenda items, if any, following expectations and time limits reviewed by the chairperson.			
II.	**Business and Finance**			**3:08 PM**
	A. Approval of 2019-20 Audit Report	Vote	Ami Ortiz	20 m
	The board will vote on the approval of the 2019-20 audit report as reviewed at the most recent Finance Committee meeting.			
	B. Approval of 2020-21 Auditor	Vote	Ami Ortiz	3 m
	The board will vote on approving the auditor performing reviews for Navigator Schools finances for required reporting.			
	C. Approval of Second Interim Budget Report	Vote	Ami Ortiz	3 m
	The board will vote on the approval of the interim audit report as a requirement of the WPS charter authorizer.			
III.	**Topical Items**			**3:34 PM**
	A. Approval of Revised Expansion of In-Person Instruction Plan	Vote	Kevin Sved	15 m
	The board will review and vote on the approval of a revised version of the expansion plan.			

		Purpose	Presenter	Time
B.	Approval of Three New Navigator Schools Board Members	Vote	John Flaherty	8 m

The board chair will introduce proposed new board members: Chuck Daggs, Shara Hegde, and Dena Koren. The board will vote on approving the candidates' election to the board.

IV. Closing Items **3:57 PM**

A.	Adjourn Meeting	Vote	John Flaherty	3 m

Board members will vote to adjourn the meeting. The board chair will direct S. Martin to record votes via roll call.

Coversheet

Approval of 2019-20 Audit Report

Section: II. Business and Finance
Item: A. Approval of 2019-20 Audit Report
Purpose: Vote
Submitted by:
Related Material: Governance v03-29.pdf
FS Draft v03-29.pdf

CliftonLarsonAllen LLP
CLAconnect.com

Board of Navigator Schools
Gilroy, California

We have audited the financial statements of Navigator Schools as of and for the year ended June 30, 2020, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *and the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Appeals Panel,* as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Navigator Schools are described in Note 1 to the financial statements.

As described in Note 1, the Organization changed accounting policies related to the change in accounting principle by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following immaterial misstatements detected as a result of audit procedures were corrected by management:

- Reclassification of contribution from without donor restriction to with donor restriction in the amount of $63,000, there was no impact to the change in net assets.

- Adjustment to record a multi-year contribution from a donor with restrictions in the amount of $100,000, which increased accounts receivables and increased revenue and the change in net assets.

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Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other information in documents containing audited financial statements

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

With respect to the Local Education Agency Organization Structure, Schedule of Instructional Time, Schedule of Average Daily Attendance, and Reconciliation of Annual Financial Report with Audited Financial Statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

* * *

Recent accounting standards

Our promise is to get to know you and help you. For your consideration, we provided recent accounting standards applicable to your entity.

Leases –

- Effective for fiscal years beginning after December 15, 2018 for public entities and December 15, 2021 for nonpublic entities. For your entity – June 30, 2023's financial statements.
- Requires lessees to recognize the assets and liabilities arising from all leases on the statement of financial position.
- A lessee should recognize the liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.
- Continued differentiation between finance and operating leases.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of Navigator Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

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CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

NAVIGATOR SCHOOLS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

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OPERATING:

Gilroy Prep - #1278
Hollister Prep - #1507
Watsonville Prep - #2032

NAVIGATOR SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Navigator Schools
Gilroy, California

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Report on the Financial Statements

We have audited the accompanying financial statements of Navigator Schools (Navigator), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Navigator Schools

Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of Navigator as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on Navigator's financial statements as a whole. The accompanying schedules of the CMO, Gilroy Prep, Hollister Prep, Watsonville Prep, and the elimination columns in the statements of financial position, activities and cash flows, and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The accompanying supplementary schedules as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 a report dated REPORT DATE on our consideration of Navigator'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 on Navigator'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 Navigator's internal control over financial reporting and compliance.

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CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

NAVIGATOR SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
CURRENT ASSETS					
Cash and Cash Equivalents	$ 3,914,222	$ 533,077	$ 316,418	$ 50,731	$ 4,814,448
Accounts Receivable	336,928	1,468,341	1,815,253	414,792	4,035,314
Prepaid Expenses and Other Assets	9,063	31,139	32,701	53,381	126,284
Total Current Assets	4,260,213	2,032,557	2,164,372	518,904	8,976,046
LONG-TERM ASSETS					
Property, Plant, and Equipment, Net	-	246,824	176,613	282,681	706,118
Total Assets	$ 4,260,213	$ 2,279,381	$ 2,340,985	$ 801,585	$ 9,682,164
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	$ 1,514,182	$ 304,896	$ 396,075	$ 413,814	$ 2,628,967
Notes Payable, Current Portion	31,251	-	-	31,251	62,502
Total Current Liabilities	1,545,433	304,896	396,075	445,065	2,691,469
LONG-TERM LIABILITIES					
Notes Payable	1,883,749	-	-	143,724	2,027,473
Total Liabilities	3,429,182	304,896	396,075	588,789	4,718,942
NET ASSETS					
Without Donor Restrictions	768,031	1,974,485	1,944,910	112,796	4,800,222
With Donor Restrictions	63,000	-	-	100,000	163,000
Total Net Assets	831,031	1,974,485	1,944,910	212,796	4,963,222
Total Liabilities and Net Assets	$ 4,260,213	$ 2,279,381	$ 2,340,985	$ 801,585	$ 9,682,164

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See accompanying Notes to Financial Statements.

NAVIGATOR SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	Eliminations	Total
WITHOUT DONOR RESTRICTIONS:						
REVENUES						
State Revenue:						
State Apportionment	$ -	$ 2,032,326	$ 3,721,870	$ 1,758,708	$ -	$ 7,512,904
Other State Revenue	-	416,240	404,382	128,059	-	948,681
Federal Revenue:						
Grants and Entitlements	-	413,266	256,652	197,910	-	867,828
Local Revenue:						
In-Lieu Property Tax Revenue	-	2,723,047	1,245,507	-	-	3,968,554
Contributions	1,117,091	47,013	15,420	578,262	-	1,757,786
Other Revenue	1,901,784	73,884	34,604	21,512	(1,865,100)	166,684
Total Revenues	3,018,875	5,705,776	5,678,435	2,684,451	(1,865,100)	15,222,437
EXPENSES						
Program Services	348,392	4,541,754	4,425,313	2,158,021	-	11,473,480
Management and General	1,965,267	1,051,296	1,095,835	538,631	(1,865,100)	2,785,929
Fundraising	18,356	-	-	-	-	18,356
Total Expenses	2,332,015	5,593,050	5,521,148	2,696,652	(1,865,100)	14,277,765
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	686,860	112,726	157,287	(12,201)	-	944,672
WITH DONOR RESTRICTIONS REVENUES:						
Contributions	63,000	-	-	100,000	-	163,000
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	63,000	-	-	100,000	-	163,000
CHANGE IN NET ASSETS	749,860	112,726	157,287	87,799	-	1,107,672
Net Assets - Beginning of Year	81,171	1,861,759	1,787,623	124,997	-	3,855,550
NET ASSETS - END OF YEAR	$ 831,031	$ 1,974,485	$ 1,944,910	$ 212,796	$ -	$ 4,963,222

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See accompanying Notes to Financial Statements.

NAVIGATOR SCHOOLS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	$ 749,860	$ 112,726	$ 157,287	$ 87,799	$ 1,107,672
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	-	56,976	29,913	1,772	88,661
(Increase) Decrease in Assets:					
Accounts Receivable	(315,712)	(1,115,561)	(959,030)	(414,792)	(2,805,095)
Prepaid Expenses and Other Assets	19,661	(15,064)	(5,481)	(14,927)	(15,811)
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	1,440,388	99,025	(56,236)	406,608	1,889,785
Net Cash Provided (Used) by Operating Activities	1,894,197	(861,898)	(833,547)	66,460	265,212
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property, Plant, and Equipment	-	(51,118)	(15,973)	(284,453)	(351,544)
Net Cash Used by Investing Activities	-	(51,118)	(15,973)	(284,453)	(351,544)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Notes Payable	1,915,000	-	-	174,975	2,089,975
Net Cash Provided by Financing Activities	1,915,000	-	-	174,975	2,089,975
CHANGE IN CASH AND CASH EQUIVALENTS	3,809,197	(913,016)	(849,520)	(43,018)	2,003,643
Cash and Cash Equivalents - Beginning of Year	105,025	1,446,093	1,165,938	93,749	2,810,805
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,914,222	$ 533,077	$ 316,418	$ 50,731	$ 4,814,448

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See accompanying Notes to Financial Statements.

NAVIGATOR SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Eliminations	Total Expenses
Salaries and Wages	$ 6,913,498	$ 1,647,438	$ -	$ -	$ 8,560,936
Pension Expense	662,886	103,662	-	-	766,548
Other Employee Benefits	978,305	152,544	-	-	1,130,849
Payroll Taxes	263,991	69,284	-	-	333,275
Management Fees	310,217	-	-	-	310,217
Legal Expenses	-	23,456	-	-	23,456
Accounting Expenses	-	24,953	-	-	24,953
Instructional Materials	347,523	36,723	-	-	384,246
Other Fees for Services	331,928	2,012,158	18,356	(1,865,100)	497,342
Advertising and Promotion Expenses	3,821	-	-	-	3,821
Office Expenses	118,166	174,313	-	-	292,479
Printing and Postage Expenses			-	-	-
Information Technology Expenses	589,200	67,639	-	-	656,839
Occupancy Expenses	114,221	110,562	-	-	224,783
Travel Expenses	19,455	75,945	-	-	95,400
Depreciation Expense	88,661	-	-	-	88,661
Insurance Expense	-	42,340	-	-	42,340
Other Expenses	731,608	110,012	-	-	841,620
Subtotal	11,473,480	4,651,029	18,356	(1,865,100)	14,277,765
Eliminations	-	(1,865,100)	-	1,865,100	-
Total Functional Expenses	$ 11,473,480	$ 2,785,929	$ 18,356	$ -	$ 14,277,765

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See accompanying Notes to Financial Statements.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Navigator Schools (Navigator) is a California nonprofit public benefit corporation and is organized to manage and operate public charter schools. The mission of Navigator is to develop students who are proficient or advanced on the California state standards test and to prepare them to excel in college and the work place.

Navigator is funded principally through state of California public education monies received through the California Department of Education. The charters may be revoked by the sponsors for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, pension expenses, and payroll taxes which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

Navigator defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

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

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

Net Assets With Donor Restrictions – We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 5 years to 10 years. Navigator capitalizes all expenditures for land, buildings, and equipment in excess of $5,000.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by Navigator based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Property Tax Revenue

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. Santa Clara and San Benito Counties bill and collect property taxes for all taxing agencies within the Counties and distributes these collections to the various agencies. The sponsor agencies of Navigator Schools are required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. As of June 30, 2020, Navigator did not have any unearned revenue related to conditional grants. As of June 30, 2020, Navigator has conditional grants of $1,200,000 that have not been recognized as revenue in the statement of activities because conditions have not been met

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Other Revenue

Other revenue consists primarily of food service, spirit wear sales and field trip income. The performance obligation for providing food services, spirit wear sales and field trip income are simultaneously received and consumed by the students; therefore, the revenue is recognized at the point in time when the sale occurs.

Income Taxes

Navigator is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. Navigator is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. Navigator files an exempt school return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers (Topic 606). The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. Navigator has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on Navigator's financial position and results of operations upon adoption of the new standard.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. Navigator has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on Navigator's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

Navigator has evaluated subsequent events through REPORT DATE, the date these financial statements were available to be issued.

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NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of $8,749,762.

As part of its liquidity management plan, Navigator monitors liquidity required and cash flows to meet operating needs on a monthly basis. Navigator structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

Navigator maintains cash balances held in banks and revolving funds which are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. Navigator has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was $88,661 for the year ended June 30, 2020.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

The components of property, plant, and equipment as of June 30, 2020 are as follows:

	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
Land Improvements	$ 186,348	$ 17,744	$ -	$ 204,092
Equipment, Furniture and Fixtures	358,558	247,136	28,972	634,666
Construction in Progress	-	-	255,481	255,481
Total	544,906	264,880	284,453	1,094,239
Less: Accumulated Depreciation	(298,082)	(88,267)	(1,772)	(388,121)
Total Property, Plant, and Equipment	$ 246,824	$ 176,613	$ 282,681	$ 706,118

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NOTE 5 DEBT

On August 29, 2019, Navigator entered into a Charter School Revolving Loan with the California School Finance Authority, in the amount of $250,000. The loan bears an interest rate of 2.044% and matures in April 2023. The first repayment is due in August 2020. The balance as of June 30, 2020 was $250,000.

On January 13, 2020, Navigator entered into a promissory note with the a nonprofit organization for up to the amount of $250,000. The loan bears an interest rate of 1.500% and matures in December 2024. The balance as of June 30, 2020 was $74,975.

On April 23, 2020, Navigator received a loan from Mechanics Bank in the amount of $1,765,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if Navigator fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, Navigator will be required to pay interest on the PPP Loan at a rate of 1.000% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022. The balance as of June 30, 2020 was $1,765,000.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 DEBT (CONTINUED)

Future maturities under notes payable are as follows:

Year Ended June 30,	CDE Loan	Promissory Note	PPP Loan	Total
2021	$ 62,502	$ -	$ -	$ 62,502
2022	62,502	-	1,765,000	1,827,502
2023	62,502	-	-	62,502
2024	62,494	-	-	62,494
2025	-	-	-	-
Thereafter	-	74,975	-	74,975
	$ 250,000	$ 74,975	$ 1,765,000	$ 2,089,975

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020, net assets with donor restrictions of $163,000 are restricted for the Watson School Program. There were no net assets released from restrictions during the year ended June 30, 2020.

NOTE 7 COMMITMENTS

Navigator (Gilroy Prep) signed a facility use agreement with the Gilroy Unified School District. The agreement carries a term that coincides with Navigator's charter. The agreement does not require Navigator to pay a lease amount for the use of the property, but instead Navigator pays a supervisorial oversight fees at 3% of Navigator's general purpose entitlement and categorical block grants. The supervisorial oversight fees recorded for the year ended June 30, 2020 were $143,343.

Navigator (Hollister Prep) signed a facility agreement with Hollister Unified School District starting July 1, 2013 which requires Navigator to pay 3% of Hollister Prep School's general purpose entitlement and categorical block grants for the property. The supervisorial oversight fees recorded for the year ended June 30, 2020 were $149,269.

NOTE 8 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under a multiemployer defined benefit pension plan maintained by agencies of the state of California.

The risks of participating in this multiemployer defined benefit pension plan is different from single employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if Navigator chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. Navigator has no plans to withdraw from this multiemployer plan.

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NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS)

Plan Description

Navigator Schools contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2019 total STRS plan net assets are $273 billion, the total actuarial present value of accumulated plan benefits is $392 billion, contributions from all employers totaled $5.6 billion, and the plan is 66% funded. Navigator did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. Navigator is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2021-22. The required employer contribution rate for year ended June 30, 2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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Navigator's contributions to STRS for the past three years are as follows:

Year Ended June 30,	Required Contribution	Percent Contributed
2018	$ 485,167	100%
2019	$ 670,287	100%
2020	$ 886,472	100%

NOTE 9 CHARTER MANAGEMENT ORGANIZATION

Navigator charges CMO fees of $1,865,100 to each charter for management services performed during the year. Navigator (Gilroy Prep) paid CMO fees of $756,456 for the year ended June 30, 2020. Navigator (Hollister Prep) paid CMO fees of $805,032 for the year ended June 30, 2020. Navigator (Watsonville Prep) paid CMO fees of $303,612 for the year ended June 30, 2020. These fees were eliminated in the financial statements.

NAVIGATOR SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 CONTINGENCIES, RISKS AND UNCERTAINTIES

Navigator has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes that any required reimbursement would not be material.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Navigator, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes Navigator is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 11 SUBSEQUENT EVENTS

As of July 1, 2020, Navigator will lease facilities of $100,000 per year with an increase every year in conjunction to enrollment increases.

In January 2021, the promissory note with the nonprofit organization was converted into a loan for $1,400,000 for the Watsonville Prep construction. The loan bears an interest rate of 1.000%. The balloon payment for the loan is due and payable in December 2027.

In January 2021, Navigator created 407 Main Street, LLC (the LLC), of which Navigator is the single member. The LLC entered into three loans with financial institutions in the total amount of $7,075,093. The loans bear an interest rate between 5% to 6% and matures at the latest date of January 2051.

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SUPPLEMENTARY INFORMATION

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NAVIGATOR SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Navigator Schools (Navigator) operates Gilroy Prep School, Hollister Prep School and Watsonville Prep School. Navigator is a California nonprofit public benefit corporation and is organized to manage and operate public charter schools.

Navigator began serving students at Gilroy Prep in August 2011 and the charter school is sponsored by the Gilroy Unified School District.

Navigator began serving students at Hollister Prep in August 2013 and the charter school is sponsored by the Hollister Unified School District.

Navigator began serving students at Watsonville Prep in August 2019 and the charter school is sponsored by State Board of Education - Watsonville Prep.

Gilroy Prep charter school number authorized by the state: 1278

Hollister Prep charter school number authorized by the state: 1507

Watsonville Prep charter school number authorized by the state: 2032

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See accompanying Notes to Supplementary Information

NAVIGATOR SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

The board of directors and the administrators as of the year ended June 30, 2020 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires (2 Year Term)
Caitrin Wright	Chair	March 1, 2021
Alicia Gallegos-Fambrini	Secretary	September 1, 2019
Joyce Montgomery	Treasurer	April 2, 2020
JP Anderson	Member	June 1, 2020
John Glover	Member	July 1, 2020
Nora Crivello	Member	June 1, 2020
John Flaherty	Member	March 21, 2020
Fiaau Ohmann	Member	March 21, 2020
Victor Paredes-Colonia	Member	February 26, 2021

ADMINISTRATORS

Kevin Sved	Chief Executive Officer

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NAVIGATOR SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Instructional Minutes		Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
	Requirement	Actual						
Gilroy Prep:								
Kindergarten	36,000	42,615	20,025	62,640	123	57	180	In Compliance
Grade 1	50,400	39,065	18,280	57,345	123	57	180	In Compliance
Grade 2	50,400	39,065	18,280	57,345	123	57	180	In Compliance
Grade 3	50,400	40,310	18,880	59,190	123	57	180	In Compliance
Grade 4	54,000	40,310	18,880	59,190	123	57	180	In Compliance
Grade 5	54,000	40,310	18,880	59,190	123	57	180	In Compliance
Grade 6	54,000	41,110	19,220	60,330	123	57	180	In Compliance
Grade 7	54,000	41,110	19,220	60,330	123	57	180	In Compliance
Grade 8	54,000	41,110	19,220	60,330	123	57	180	In Compliance
Hollister Prep:								
Kindergarten	36,000	39,635	18,475	58,110	123	57	180	In Compliance
Grade 1	50,400	40,495	18,935	59,430	123	57	180	In Compliance
Grade 2	50,400	40,495	18,935	59,430	123	57	180	In Compliance
Grade 3	50,400	42,155	19,735	61,890	123	57	180	In Compliance
Grade 4	54,000	42,155	19,735	61,890	123	57	180	In Compliance
Grade 5	54,000	42,155	19,735	61,890	123	57	180	In Compliance
Grade 6	54,000	41,570	19,510	61,080	123	57	180	In Compliance
Grade 7	54,000	41,570	19,510	61,080	123	57	180	In Compliance
Grade 8	54,000	41,570	19,510	61,080	123	57	180	In Compliance
Watsonville Prep:								
Kindergarten	36,000	37,970	17,485	55,455	124	56	180	In Compliance
Grade 1	50,400	42,670	19,925	62,595	124	56	180	In Compliance
Grade 2	50,400	42,670	19,925	62,595	124	56	180	In Compliance

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See accompanying Notes to Supplementary Information

NAVIGATOR SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Gilroy Prep:				
TK/K-3	230.74	230.74	230.74	230.74
Grades 4-6	173.55	173.55	173.55	173.55
Grades 7-8	115.20	115.20	115.20	115.20
ADA Totals	519.49	519.49	519.49	519.49
Hollister Prep:				
TK/K-3	232.03	232.03	232.03	232.03
Grades 4-6	173.09	173.09	173.09	173.09
Grades 7-8	115.86	115.86	115.86	115.86
ADA Totals	520.98	520.98	520.98	520.98
Watsonville Prep:				
TK/K-2	157.14	157.14	157.15	157.15
ADA Totals	157.14	157.14	157.15	157.15

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See accompanying Notes to Supplementary Information

NAVIGATOR SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gilroy Prep	Hollister Prep	Watsonville Prep
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	$ 1,875,287	$ 1,957,165	$ 68,423
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	(1,278,657)	(674,340)	(93,749)
Accounts Receivable	1,112,973	486,047	162,330
Prepaid Expenses and Other Assets	1,848	-	-
Property, Plant, and Equipment, Net	246,824	176,613	19,473
Accounts Payable and Accrued Liabilities	16,210	(575)	56,319
Net Adjustments and Reclassifications	99,198	(12,255)	144,373
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	$ 1,974,485	$ 1,944,910	$ 212,796

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See accompanying Notes to Supplementary Information

NAVIGATOR SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
U.S. Department of Education						
Pass-Through Program from						
California Department of Education:						
Every Child Succeeds Act, Part A						
Title I, Basic Grants:						
Low-Income and Neglected	84.010	14329	95,055	$ 98,005	$ 55,757	$ 248,817
Title II, Improving Teacher Quality	84.367	14341	15,791	14,766	6,876	37,433
Title III, Limited English Proficiency	84.365	14346	19,284	22,406	12,181	53,871
Title IV, Student Support and Academic Enrichment	84.424	15391	7,500	7,500	-	15,000
Title V, Part B PCSGP	84.282A	N/A	-	50,094	6,852	56,946
Special Education Cluster -						
IDEA Basic Local Assistance	84.027	13379	71,068	63,881	-	134,949
Total U.S. Department of Education			208,698	256,652	81,666	547,016
U.S. Department of Agriculture						
Pass-Through Program from						
California Department of Education:						
Child Nutrition Cluster:						
School Breakfast Program Especially Needy Breakfast	10.553	N/A	55,717	-	31,574	87,291
National School Lunch Program	10.555	N/A	148,851	-	84,670	233,521
Child Nutrition Cluster Subtotal			204,568	-	116,244	320,812
Total U.S. Department of Agriculture			204,568	-	116,244	320,812
Total Federal Expenditures			$ 413,266	$ 256,652	$ 197,910	$ 867,828

N/A - Pass-through entity number not readily available or not applicable.

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See accompanying Notes to Supplementary Information

NAVIGATOR SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by Navigator and whether Navigator complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of Navigator. 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.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Navigator under programs of the federal governmental for the year ended June 30, 2020. The information in the Schedule is presented on the accrual basis of accounting in accordance with the requirements of the 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 operations of Navigator, it is not intended to and does not present the financial position, change in net assets, or cash flows of Navigator.

NOTE 5 INDIRECT COST RATE

Navigator has elected to use a rate other than the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' 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*

Board of Directors
Navigator Schools
Gilroy, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Navigator Schools (Navigator), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Navigator'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Navigator's internal control. Accordingly, we do not express an opinion on the effectiveness of Navigator'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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Navigator Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Navigator'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 non-compliance 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 Navigator'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 Navigator's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

Board of Directors
Navigator Schools
Gilroy, California

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Report on Compliance for Each Major Federal Program

We have audited the compliance of Navigator Schools (Navigator) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Navigator's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Navigator's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Navigator's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Navigator's compliance.

Board of Directors
Navigator Schools

Opinion on Each Major Federal Program

In our opinion, Navigator complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of Navigator is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Navigator's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Navigator's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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, yet important enough to merit attention by those charged with governance.

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

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Navigator Schools
Gilroy, California

We have audited Navigator Schools' (Navigator) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel for the year ended June 30, 2020. Navigator's state compliance requirements are identified in the table below.

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Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Navigator's compliance based on our audit of the types of compliance requirements referred to below. 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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the Navigator's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of Navigator's compliance.

Compliance Requirements Tested

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

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
Before/After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes

Board of Directors
Navigator Schools

Description	Procedures Performed
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based Instructional/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Opinion on State Compliance

In our opinion, Navigator complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

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

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CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

NAVIGATOR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes ___x___ no
   - Significant deficiency(ies) identified? _____ yes ___x___ none reported
3. Noncompliance material to financial statements noted? _____ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? _____ yes ___x___ no
   - Significant deficiency(ies) identified? _____ yes ___x___ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ___x___ no

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Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Low-Income and Neglected
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____ yes ___x___ no

NAVIGATOR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

All audit findings must be identified as one or more of the following categories:

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
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

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Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

State Compliance Finding

There were no findings or questioned costs related to state awards for June 30, 2020.

NAVIGATOR SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

STATE AWARDS (RELATED TO THE HOLLISTER PREP LOCATION ONLY):

2019 – 001 Unduplicated Local Control Funding Formula Pupil Counts **40000**

Criteria: Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced price meals and those identified as “English Learners.”

Condition: During testing of Hollister Prep we compared students’ family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that Navigator inaccurately reported students as eligible for free or reduced price meals.

Cause: Navigator was either unable to provide meal applications, or meal applications were marked as denied and erroneously entered into Navigator’s system and submitted to CalPADS.

Status: Implemented and remediated during the year ended June 30, 2020.

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Coversheet

Approval of 2020-21 Auditor

Section: II. Business and Finance
Item: B. Approval of 2020-21 Auditor
Purpose: Vote
Submitted by:
Related Material: Selection of Auditor FY 2020-21.pdf

Navigator Schools
Charting a new course in education

Date: March 19, 2021

To: Board of Directors

From: Ami Ortiz, Director of Business & Finance

Re: Selection of Auditors for the Fiscal Year 2020-21

Recommendation

It is recommended the Board approve, as part of the consent agenda, that Lili Huang, CPA from CliftonLarsonAllen be responsible for the performance of the audit for the fiscal year 2020-21.

Background

In accordance with Education Code (EC) Section 41020, the governing board of each school district provide an audit of the books and accounts of the school district. In the event the governing board of a school district has not provided for an audit by April 1, the County Office of Education, having jurisdiction over the district, shall provide for the audit.

Per EC 41020(f)(2), there is a limit of six consecutive years for any firm where the partner in charge of the audit and reviewing partner have been the same in those years.

Summary

It is recommended the Board approve, as part of the consent agenda, that Lili Huang, CPA from CliftonLarsonAllen be responsible for the performance of the audit for the fiscal year 2020-21.

CliftonLarsonAllen LLP
2210 East Route 66
Glendora, CA 91740
626.857.7300 | fax 626.857.7302
CLAconnect.com

February 1, 2021

Board of Directors and Management
Navigator Schools
650 San Benito St., Ste. 230
Hollister, CA 95023

Re: June 30, 2021 Tax Exempt Returns and State Filings

Dear Board of Directors and Management:

We are pleased that Navigator Schools ("you," "your," or "the organization") has engaged CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") to prepare the organization's federal Form 990 and applicable state filings. This letter confirms the scope, limitations, and related terms of our engagement for the year ended June 30, 2021.

Our responsibility to you

We will prepare the organization's federal Form 990 and applicable state filings in accordance with the applicable tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible. We will not audit or independently verify the accuracy or completeness of the information we receive from you for the preparation of the returns and filings, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information.

Your responsibilities

It is your responsibility to provide us with all of the information needed to prepare complete and accurate returns and filings. We will have no obligation to prepare the returns and filings until you have provided such information to us. We will prepare filings for the same states where the organization filed last year unless organization personnel notify us to the contrary or other information clearly indicates the need for an additional return or state filing. It is your responsibility to comply with all foreign jurisdiction filing requirements. We have no obligation to prepare returns for foreign jurisdictions

The United States Supreme Court ruled in *South Dakota versus Wayfair* (6/21/18) that physical presence is no longer required to establish nexus for sales tax. This ruling may have broad implications, even beyond sales tax, as to where an organization is subject to tax. Please note that if the organization had a taxable presence in more than one jurisdiction, such as an employee or agent within the jurisdiction, any tangible property owned or rented within the jurisdiction, or if the organization exceeds any applicable economic nexus thresholds, the organization or related entities may be subject to state or local income, sales, use, franchise, or gross receipts tax in that jurisdiction depending upon the particular facts. It is the organization's responsibility, not CLA's, to determine if assistance is needed in deciding whether the organization or related entities may be liable for income, sales, use, franchise, or gross receipts tax, or have a filing requirement in the various state or local jurisdictions.

It is important for you to identify any ownership OR signature authority over a foreign bank account or other foreign financial assets which includes but is not limited to foreign: stocks, mutual funds, partnerships, bonds, retirement accounts, estates, trusts, annuities, swaps, and derivatives. Failure to disclose penalties can be significant, starting at $10,000 and can be upwards of 50 percent of the value of the asset. Please provide account statements if you have any foreign account ownership or signature authority. Note that these rules do not apply to foreign investments held by U.S. mutual funds. In addition, ownership in a foreign business entity (association, corporation, disregarded entity, or partnership) could trigger additional U.S. foreign informational reporting requirements. These reporting requirements require the disclosure of ownership, financial information, and related-party transactions. Failure to properly disclose ownership and the required information could trigger a $10,000 penalty per filing. We cannot be held responsible if you fail to identify or provide such information to us.

For all nonattest services we may provide to you, including the preparation of the federal Form 990 and applicable state filings, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services. You are responsible to carefully review the federal Form 990 and state filings that we prepare on your behalf before signing and submitting them to tax authorities. We will advise you with regard to tax positions taken in the preparation of the federal Form 990 and state filings, but the responsibility for the federal Form 990 and state filings remains with you.

Tax examinations

All returns and filings are subject to potential examination by the IRS and state authorities. In the event of an examination, we will be available, at your request, to assist or represent the organization and its directors or officers. Services in connection with tax examinations are not included in our fee for preparation of the federal Form 990 and state filings. Our fee for such services will be billed to you separately, along with any direct costs.

Record retention

You are responsible for retaining all documents, records, canceled checks, receipts, or other evidence in support of information and amounts reported on the federal Form 990 and state filings. These items may be necessary in the event the taxing or other authority examines or challenges your federal Form 990 and state filings. These records should be kept for at least seven years. Your copy of the federal Form 990 and state filings should be retained indefinitely.

If carryover item(s) exist (e.g., capital loss, net operating loss, tax credits, etc.), you should retain the supporting records related to the carryover item(s) until the item has either been utilized (and the statute of limitations associated with the year of utilization has expired) or the carryforward period has expired.

In preparing the federal Form 990 and state filings, we rely on your representation that organization personnel and its directors or officers understand and have complied with these documentation requirements. The management of the organization is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the organization’s financial records.

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All of the records that you provide to us to prepare your federal Form 990 and state filings will be returned to you after our use. Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The working papers and files of our firm are not a substitute for the records of the organization.

Tax consulting services

This engagement letter also covers tax consulting services that may arise for which the organization seeks our consultation and advice, both written and oral, that are not the subject of a separate engagement letter. These additional services are not included in our fees for the preparation of the federal Form 990 and state filings.

We will base our tax analysis and conclusions on the facts you provide to us, and will not independently verify those facts. We will review the applicable tax law, tax regulations, and other tax authorities, all of which are subject to change. At your request, we will provide a memorandum of our conclusions. Written advice provided by us is for the organization's information and use only and is not to be provided to any third party without our express written consent.

Unless we are separately engaged to do so, we will not continuously monitor and update our advice for subsequent changes or modifications to the tax law and regulations, or to the related judicial and administrative interpretations.

Communications and confidentiality

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Consent to send you publications and other materials

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your federal Form 990 and state filings information. Such

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information includes the organization name and address as well as the business and financial information you provided to us.

By signing and dating this engagement letter, you authorize CLA to use the information that you provide to CLA during the preparation of your federal Form 990 and state filings to determine whether to offer you relevant materials. Your consent is valid until further notice. If you do not wish to authorize such use, please strike out this paragraph prior to signing the engagement letter.

Consent to use tax information for benchmarking analyses

In an effort to better serve the needs of our clients, we develop a variety of benchmark, performance indicator, and predictive analysis reports, using anonymized client data obtained from our audit, tax, and other engagements. Business and financial information that you provide to us may be combined with information from other clients and included within the aggregated data that we use in these reports. While some of these analytical reports will be published and released publicly, please be assured that the separate information that we obtain from you will remain confidential, as required by the AICPA Code of Professional Conduct.

In Process

Unless authorized by law or the client consents, we cannot use a client's tax return information for purposes other than the preparation and filing of the client's tax return. By signing and dating this engagement letter, you authorize CLA to use any and all information furnished to CLA for or in connection with the preparation of the tax returns under this engagement letter, for a period of up to six (6) years from the date of this engagement letter, in connection with CLA's preparation of the types of reports described in the foregoing paragraph. If you do not wish to authorize such use, please strike out this section prior to signing the engagement letter.

Limitations

You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this engagement agreement, but any recovery on any such claim shall not exceed the portion of the total fees actually paid by you to CLA that corresponds to the particular service(s) that give(s) rise to the claim (i.e., the specific service(s) that a CLA party performed in such a manner as to cause CLA to be liable to you).

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within the shorter of these periods ("Limitation Period"):

- For federal Form 990 and state filing preparation, separately within thirty-six (36) months after the date when we deliver the tax returns and filings under this agreement to you on which the dispute is based, regardless of whether any CLA party provides other services for you or relating to said returns and filings.

- For tax consulting engagements, separately within thirty-six (36) months from the date of our last billing for services on each consultation on which the dispute is based.

- For all tax return, state filing, and tax consulting engagements, within twelve (12) months from the date when you terminate this or any other engagement of our services.

The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Fees

Our professional fees will be billed based on the time involved and skills required. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Fees and expenses for this work will be invoiced separately. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued the tax returns and filings. You will be obligated to compensate us for all time expended and related fees and to reimburse us for all out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Termination of agreement

Either party may terminate this agreement at any time by giving written notice to the other party. In that event, the provisions of this agreement shall continue to apply to all services rendered prior to termination.

Agreement

Please sign and date this letter to confirm your agreement and return it to us at your earliest convenience.

We are looking forward to working with you.

DO NOT PROCESS

Sincerely,

CliftonLarsonAllen LLP

DocuSigned by:
Lili Huang
DA20FA268ABD478...

Lili Huang, CPA
Principal
626-857-7300
Lili.Huang@claconnect.com

Enclosure

Response:

This letter correctly sets forth the understanding of Navigator Schools.

In Process

Authorized management signature: _____

Title: CEO

Date: _____

CliftonLarsonAllen LLP
2210 East Route 66
Glendora, CA 91740
626.857.7300 | fax 626.857.7302
CLAconnect.com

February 1, 2021

Board of Directors and Management
Navigator Schools
650 San Benito St., Ste. 230
Hollister, CA 95023

Dear Board of Directors and Management:

In Process

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for Navigator Schools ("you," "your," or "the Organization") for the year ended June 30, 2021.

Lili Huang is responsible for the performance of the audit engagement. Per Education Code Section 41020(f)(2), there is a limit of six consecutive year for any firm where the principal/director-in-charge of the audit and the reviewing principal/director have been the same in each of those years. This is the second consecutive year Lili Huang will be the engagement principal.

Audit services

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

We will also evaluate and report on the presentation of the supplementary information accompanying the financial statements in relation to the financial statements as a whole.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of your financial statements, schedule of expenditures of federal awards, and related notes.
- Preparation of adjusting journal entries.
- Preparation of informational tax returns

A member of Nexia International

Audit objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our audit will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express opinions and render the required reports. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

In Process

The objectives of our audit also include:

- Reporting on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Reporting on internal control over compliance related to major programs and expressing an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance.

- Reporting on compliance related to state programs and expressing an opinion (or disclaimer of opinion) on compliance with the laws and regulations of the state programs in accordance with the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will issue written reports upon completion of our audit of your financial statements and compliance with requirements applicable to major programs. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an

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emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion on the financial statements or the single audit compliance opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements or material noncompliance caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements or an opinion on compliance, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue reports, or withdrawing from the engagement.

We will also issue a written report on state compliance upon completion of our audit.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements or noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste or abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste or abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

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of the entity's internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with the direct and material compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the entity's major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of these procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

We will evaluate the presentation of the schedule of expenditures of federal awards accompanying the financial statements in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the schedule to determine whether the information complies with U.S. GAAP and the Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our

In Process

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audit of the financial statements. We will compare and reconcile the schedule to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.

In Process

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal

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statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

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Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements, schedule of expenditures of federal awards, and related notes in conformity with U.S. GAAP and the Uniform Guidance based on information provided by you. Since the preparation and fair presentation of the financial statements and schedule of expenditures of federal awards is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements and schedule of expenditures of federal awards.

- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

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- We will prepare the organization's federal Form 990 and applicable state filings in accordance with the applicable tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible. We will not audit or independently verify the accuracy or completeness of the information we receive from you for the preparation of the returns and filings, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Use of financial statements

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

> CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

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We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We expect to begin our audit approximately in May 2021.

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

At the conclusion of the engagement, we will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

In Progress

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Cognizant or Grantor Agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the Cognizant or Grantor Agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

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Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Price Estimate

The price for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. Based on our preliminary estimates, the price for the engagement is as follows:

In Process

Professional Services		Amount
Audit services (includes procedures for one major program under Uniform Guidance, if additional programs are required to be tested they will be billed at $4,500 per additional federal program)	$	18,100
Data Collection Form SF-FAC and single audit reporting package	$	950
Informational tax return services	$	2,200
Technology and client support fee	$	1,070
Total	**$**	**22,320**

Additional attendance and instructional minutes procedures related to distance learning will be billed as out-of-scope.

The price estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated price for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for our services will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work

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may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. There is a ten percent withholding clause per Education Code 14505.

Technology Support Fee

Given the rising technology costs all organizations are expending to serve and protect client information, we are adding a 5% technology and client support fee to all of our invoices. The fee combines technology expenses with client support costs and includes technology support, printing, communications, data security and storage, indirect engagement support costs and technical resource subscriptions. This is estimated and included in the fee table above.

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Changes related to COVID-19

COVID-19 continues to have significant direct and indirect impacts on financial reporting, disclosure requirements, and the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in this letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of the Organizations' information in these cost comparison, performance indicator, and/or benchmarking reports.

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Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign and date this letter to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

DocuSigned by:
Lili Huang
DA20FA268ABD478...

Lili Huang, CPA
Principal
626-857-7300
Lili.Huang@claconnect.com

Enclosure

Response:

This letter correctly sets forth the understanding of Navigator Schools.

Authorized management signature: _____

Title: CEO

Date: _____

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Envelope Originator:
Nancy Youngs
220 South 6th Street
Suite 300
Minneapolis, MN 55402
Nancy.Youngs@claconnect.com
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Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

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Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

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Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

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ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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Coversheet

Approval of Second Interim Budget Report

Section: II. Business and Finance
Item: C. Approval of Second Interim Budget Report
Purpose: Vote
Submitted by:
Related Material: WPS 2nd Interim Report and Memo.pdf

Navigator Schools
Charting a new course in education

Date: March 19, 2021

To: Board of Directors

From: Ami Ortiz, Director of Business & Finance

Re: Approval of WPS's Second Interim Report for 2020-21

Recommendation
It is recommended the Board approve, as part of the consent agenda, Watsonville Prep School's Second Interim Report, as required by the California Department of Education (CDE).

Background
Local educational agencies (LEAs) are required to file two reports during a fiscal year (interim reports) on the status of the LEA's financial health. The first interim report is due December 15 for the period ending October 31. The second interim report is due March 17 for the period ending January 31.

While WPS's charter does not require us to have Board's approval of the interim reports, our authorizer has requested that we do obtain our Board's approval.

Summary
It is recommended the Board approve Watsonville Prep School's Second Interim Report for 2020-21, as required by the California Department of Education (CDE).

CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report Certification

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

To the entity that approved the charter school:

(x) 2020/21 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT -- ALTERNATIVE FORM: This report has been approved, and is hereby filed by the charter school pursuant to *Education Code* Section 47604.33.

Signed: _____ Date March 15, 2021
Charter School Official
(Original signature required)

Print Name: Kevin Sved Title CEO

To the County Superintendent of Schools:

(x) 2020/21 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT -- ALTERNATIVE FORM: This report is hereby filed with the County Superintendent pursuant to *Education Code* Section 47604.33.

Signed: _____ Date _____
Authorized Representative of
Charter Approving Entity
(Original signature required)

Print Name: _____ Title _____

For additional information on the Second Interim Report, please contact:

For Approving Entity:	For Charter School:
	Kevin Sved
Name	Name
	CEO
Title	Title
	650-490-6040
Phone	Phone
	ksved@navigatorschools.org
E-mail	E-mail

This report has been verified for mathematical accuracy by the County Superintendent of Schools, pursuant to *Education Code* Section 47604.33.

District Advisor _____ Date _____

CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report - Detail

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

This charter school uses the following basis of accounting:

[x] **Accrual Basis** (Applicable Capital Assets / Interest on Long-Term Debt / Long-Term Liabilities objects are 6900, 7438, 9400-9499, and 9660-9669)

[ ] **Modified Accrual Basis** (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Description	Object Code	1st Interim Budget			Actuals thru 01/31			2nd Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
A. REVENUES										
1. Revenue Limit Sources										
State Aid - Current Year	8011	2,318,477.00	-	2,318,477.00	790,954.00		790,954.00	2,318,477.00		2,318,477.00
Education Protection Account State Aid - Current Year	8012	42,864.00	-	42,864.00	15,714.00		15,714.00	42,864.00		42,864.00
Charter Schools Gen. Purpose Entitlement - State Aid	8015	-	-	-			-			-
State Aid - Prior Years	8019	-	-	-			-			-
Tax Relief Subventions	8020-8039	-	-	-			-			-
County and District Taxes	8040-8079	-	-	-			-			-
Miscellaneous Funds	8080-8089	-	-	-			-			-
LCFF/Revenue Limit Transfers:										
PERS Reduction Transfer	8092	-	-	-			-			-
Charter Schools Funding in Lieu of Property Taxes	8096		-	-	-		-	-		-
Other LCFF/Revenue Limit Transfers	8091, 8097		-	-			-			-
Total, LCFF/Revenue Limit Sources		2,361,341.00	-	2,361,341.00	806,668.00	-	806,668.00	2,361,341.00	-	2,361,341.00
2. Federal Revenues										
No Child Left Behind	8290	-	185,812.00	185,812.00		11,802.00	11,802.00		185,812.00	185,812.00
Special Education - Federal	8181, 8182	-	21,000.00	21,000.00		-	-	-	21,000.00	21,000.00
Child Nutrition - Federal	8220	-	139,868.00	139,868.00		259,928.00	259,928.00	-	379,000.00	379,000.00
Other Federal Revenues	8110, 8260-8299	-	386,549.00	386,549.00		285,896.00	285,896.00		494,033.00	494,033.00
Total, Federal Revenues		-	733,229.00	733,229.00	-	557,626.00	557,626.00	-	1,079,845.00	1,079,845.00
3. Other State Revenues										
Charter Schools Categorical Block Grant (8480 N/A thru 14/15	N/A thru 14/15			-			-			-
Special Education - State	StateRevSE		127,981.00	127,981.00		43,532.00	43,532.00		127,981.00	127,981.00
All Other State Revenues	StateRevAO	40,409.00	34,800.00	75,209.00	8,596.33	40,366.12	48,962.45	55,409.00	34,800.00	90,209.00
Total, Other State Revenues		40,409.00	162,781.00	203,190.00	8,596.33	83,898.12	92,494.45	55,409.00	162,781.00	218,190.00
4. Other Local Revenues										
All Other Local Revenues	LocalRevAO	343,742.00		343,742.00	319,362.90		319,362.90	350,000.00		350,000.00
Total, Local Revenues		343,742.00	-	343,742.00	319,362.90	-	319,362.90	350,000.00	-	350,000.00
5. TOTAL REVENUES		2,745,492.00	896,010.00	3,641,502.00	1,134,627.23	641,524.12	1,776,151.35	2,766,750.00	1,242,626.00	4,009,376.00
B. EXPENDITURES										
1. Certificated Salaries										
Certificated Teachers' Salaries	1100	382,544.00	274,010.00	656,554.00	178,808.05	137,500.00	316,308.05	274,945.00	418,600.00	693,545.00
Certificated Pupil Support Salaries	1200	49,930.00		49,930.00	22,762.44		22,762.44	51,428.00		51,428.00
Certificated Supervisors' and Administrators' Salaries	1300	222,375.00		222,375.00	129,718.89		129,718.89	229,046.00		229,046.00
Other Certificated Salaries	1900		-	-			-			-
Total, Certificated Salaries		654,849.00	274,010.00	928,859.00	331,289.38	137,500.00	468,789.38	555,419.00	418,600.00	974,019.00
2. Non-certificated Salaries										
Non-certificated Instructional Aides' Salaries	2100	392,887.00	35,000.00	427,887.00	209,568.10	-	209,568.10	380,661.00	-	380,661.00
Non-certificated Support Salaries	2200	-		-	-		-	-		-
Non-certificated Supervisors' and Administrators' Sal.	2300	-		-	-		-	-		-
Clerical and Office Salaries	2400	145,040.00		145,040.00	70,354.19		70,354.19	149,391.00		149,391.00
Other Non-certificated Salaries	2900	204,298.00	35,000.00	239,298.00	91,262.15		91,262.15	228,284.00		228,284.00
Total, Non-certificated Salaries		742,225.00	70,000.00	812,225.00	371,184.44	-	371,184.44	758,336.00	-	758,336.00
3. Employee Benefits										
STRS	3101-3102	101,559.39	44,252.62	145,812.01	56,092.12	22,618.75	78,710.87	81,984.30	68,859.70	150,844.00
PERS	3201-3202			-			-	-		-
OASDI / Medicare / Alternative	3301-3302	61,345.70	8,220.30	69,566.00	29,353.51	4,125.00	33,478.51	58,998.00	12,558.00	71,556.00
Health and Welfare Benefits	3401-3402	150,760.13	61,122.87	211,883.00	111,148.21	15,123.52	126,271.73	165,382.30	30,000.70	195,383.00
Unemployment Insurance	3501-3502	4,637.90	2,740.10	7,378.00	6,210.63	1,375.00	7,585.63	5,074.00	4,186.00	9,260.00
Workers' Compensation Insurance	3601-3602	15,791.89	3,014.11	18,806.00	3,231.61	1,512.50	4,744.11	14,201.40	4,604.60	18,806.00
OPEB, Allocated	3701-3702			-			-			-
OPEB, Active Employees	3751-3752			-			-			-
PERS Reduction (for revenue limit funded schools)	3801-3802			-			-			-
Other Employee Benefits	3901-3902			-			-			-
Total, Employee Benefits		343,095.01	111,350.00	454,445.01	206,036.08	44,754.77	250,790.85	325,640.00	120,209.00	445,849.00
4. Books and Supplies										
Approved Textbooks and Core Curricula Materials	4100	850.00	150.00	1,000.00	3,802.90	671.10	4,474.00	4,250.00	750.00	5,000.00
Books and Other Reference Materials	4200	4,066.00	1,854.00	5,920.00	34.70	6.30	41.00	297.50	52.50	350.00
Materials and Supplies	4300	3,604.00	23,396.00	27,000.00	7,091.00	926.00	8,017.00	5,114.50	10,315.50	15,430.00
Noncapitalized Equipment	4400	30,519.00	153,200.00	183,719.00	23,694.00	153,200.00	176,894.00	30,519.00	153,200.00	183,719.00
Food	4700	27,224.00	148,610.00	175,834.00	105,602.00	129,630.00	235,232.00	70,500.00	379,000.00	449,500.00
Total, Books and Supplies		66,263.00	327,210.00	393,473.00	140,224.60	284,433.40	424,658.00	110,681.00	543,318.00	653,999.00
5. Services and Other Operating Expenditures										
Subagreements for Services	5100			-			-			-
Travel and Conferences	5200	6,000.00		6,000.00	3,713.49		3,713.49	6,000.00		6,000.00
Dues and Memberships	5300	5,300.00		5,300.00	1,813.80		1,813.80	5,300.00		5,300.00
Insurance	5400	12,621.00		12,621.00	5,428.00		5,428.00	12,621.00		12,621.00
Operations and Housekeeping Services	5500	37,112.00	5,000.00	42,112.00	3,371.00	4,300.00	7,671.00	37,112.00	5,000.00	42,112.00
Rentals, Leases, Repairs, and Noncap. Improvements	5600	85,909.00		85,909.00	35,382.90		35,382.90	85,909.00		85,909.00
Professional/Consulting Services and Operating Expend.	5800	482,305.00	73,440.00	555,745.00	208,839.87	120,499.00	329,338.87	478,741.00	120,499.00	599,240.00
Communications	5900	46,450.00	35,000.00	81,450.00	38,063.00		38,063.00	35,110.00	35,000.00	70,110.00
Total, Services and Other Operating Expenditures		645,697.00	113,440.00	759,137.00	296,612.06	124,799.00	421,411.06	660,793.00	160,499.00	821,292.00

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CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report - Detail

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

This charter school uses the following basis of accounting:

[x] **Accrual Basis** (Applicable Capital Assets / Interest on Long-Term Debt / Long-Term Liabilities objects are 6900, 7438, 9400-9499, and 9660-9669)

[ ] **Modified Accrual Basis** (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Description	Object Code	1st Interim Budget			Actuals thru 01/31			2nd Interim Budget		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
6. Capital Outlay (Objects 6100-6170, 6200-6500 for modified accrual ba										
Land and Land Improvements	6100-6170	75,000.00	-	75,000.00			-			-
Buildings and Improvements of Buildings	6200	-		-			-			-
Books and Media for New School Libraries or Major Expansion of School Libraries	6300		-	-			-			-
Equipment	6400		-	-			-			-
Equipment Replacement	6500		-	-			-			-
Depreciation Expense (for accrual basis only)	*6900*	-	-	-			-	-	-	-
Total, Capital Outlay		75,000.00	-	75,000.00	-	-	-	-	-	-
7. Other Outgo										
Tuition to Other Schools	7110-7143	-	-	-			-			-
Transfers of Pass-through Revenues to Other LEAs	7211-7213	-	-	-			-			-
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	-	-	-			-			-
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	-	-	-			-			-
All Other Transfers	7281-7299	-	-	-			-			-
Debt Service:		5,045.00		5,045.00						
Interest	7438	-	-	-	4,724.00		4,724.00	5,045.00		5,045.00
Principal (for modified accrual basis only)	7439	-	-	-			-			-
Total, Other Outgo		-	-	-	4,724.00	-	4,724.00	5,045.00	-	5,045.00
8. TOTAL EXPENDITURES		2,527,129.01	896,010.00	3,423,139.01	1,350,070.56	591,487.17	1,941,557.73	2,415,914.00	1,242,626.00	3,658,540.00
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)		218,362.99	-	218,362.99	(215,443.33)	50,036.95	(165,406.38)	350,836.00	-	350,836.00
D. OTHER FINANCING SOURCES / USES										
1. Other Sources	8930-8979	-	-	-			-			-
2. Less: Other Uses	7630-7699	-	-	-			-			-
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	-	-	-			-			-
4. TOTAL OTHER FINANCING SOURCES / USES		-	-	-	-	-	-	-	-	-
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)		218,362.99	-	218,362.99	(215,443.33)	50,036.95	(165,406.38)	350,836.00	-	350,836.00
F. FUND BALANCE, RESERVES										
1. Beginning Fund Balance										
a. As of July 1	9791	151,128.00	-	151,128.00	151,128.00		151,128.00	151,128.00		151,128.00
b. Adjustments to Beginning Balance	9793, 9795		-	-		-	-			-
c. Adjusted Beginning Balance		151,128.00	-	151,128.00	151,128.00	-	151,128.00	151,128.00	-	151,128.00
2. Ending Fund Balance, June 30 (E + F.1.c.)		369,490.99	-	369,490.99	(64,315.33)	50,036.95	(14,278.38)	501,964.00	-	501,964.00
Components of Ending Fund Balance :										
a. Nonspendable							-			-
Revolving Cash (equals object 9130)	9711			-			-			-
Stores (equals object 9320)	9712			-			-			-
Prepaid Expenditures (equals object 9330)	9713			-			-			-
All Others	9719			-			-			-
b Restricted	9740		-	-		50,036.95	50,036.95			-
c. Committed										
Stabilization Arrangements	9750			-			-			-
Other Commitments	9760			-			-			-
d. Assigned							-			-
Other Assignments	9780			-			-			-
e Unassigned/Unappropriated							-			-
Reserve for Economic Uncertainities	9789			-	97,077.89		97,077.89	108,887.00		108,887.00
Unassigned/Unappropriated Amount	9790	369,491.00	-	369,491.00	(161,393.22)	-	(161,393.22)	393,077.00		393,077.00

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CHARTER SCHOOL

INTERIM FINANCIAL REPORT - ALTERNATIVE FORM

Second Interim Report - Summary

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2018/19

Description	Object Code	1st Interim Budget (X)	Actuals thru 01/31 (Y)	2nd Interim Budget (Z)	2nd Interim vs. 1st Interim Increase, (Decrease) $ Difference (Z) vs. (X)	2nd Interim vs. 1st Interim Increase, (Decrease) % Change (Z) vs. (X)
A. REVENUES						
1. Revenue Limit Sources						
State Aid - Current Year	8011	2,318,477.00	790,954.00	2,318,477.00	-	0.00%
Education Protection Account State Aid - Current Year	8012	42,864.00	15,714.00	42,864.00	-	0.00%
Charter Schools Gen. Purpose Entitlement - State Aid	8015	-	-	-	-	
State Aid - Prior Years	8019	-	-	-	-	
Tax Relief Subventions (for rev. limit funded schools)	8020-8039	-	-	-	-	
County and District Taxes (for rev. limit funded school	8040-8079	-	-	-	-	
Miscellaneous Funds (for rev. limit funded schools)	8080-8089	-	-	-	-	
LCFF/Revenue Limit Transfers:						
PERS Reduction Transfer	8092	-	-	-	-	
Charter Schools Funding in Lieu of Property Taxes	8096	-	-	-	-	
Other LCFF/Revenue Limit Transfers	8091, 8097	-	-	-	-	
Total, LCFF/Revenue Limit Sources		2,361,341.00	806,668.00	2,361,341.00	-	0.00%
2. Federal Revenues						
No Child Left Behind (Include ARRA)	8290	185,812.00	11,802.00	185,812.00	-	0.00%
Special Education - Federal	8181, 8182	21,000.00	-	21,000.00	-	0.00%
Child Nutrition - Federal	8220	139,868.00	259,928.00	379,000.00	239,132.00	170.97%
Other Federal Revenues (Include ARRA)	110, 8260-829	386,549.00	285,896.00	494,033.00	107,484.00	27.81%
Total, Federal Revenues		733,229.00	557,626.00	1,079,845.00	346,616.00	47.27%
3. Other State Revenues						
Charter Schools Categorical Block Grant	N/A thru 14/15	-	-	-	-	
Special Education - State	StateRevSE	127,981.00	43,532.00	127,981.00	-	0.00%
All Other State Revenues	StateRevAO	75,209.00	48,962.45	90,209.00	15,000.00	19.94%
Total, Other State Revenues		203,190.00	92,494.45	218,190.00	15,000.00	7.38%
4. Other Local Revenues						
All Other Local Revenues	LocalRevAO	343,742.00	319,362.90	350,000.00	6,258.00	1.82%
Total, Local Revenues		343,742.00	319,362.90	350,000.00	6,258.00	1.82%
5. TOTAL REVENUES		3,641,502.00	1,776,151.35	4,009,376.00	367,874.00	10.10%
B. EXPENDITURES						
1. Certificated Salaries						
Certificated Teachers' Salaries	1100	656,554.00	316,308.05	693,545.00	36,991.00	5.63%
Certificated Pupil Support Salaries	1200	49,930.00	22,762.44	51,428.00	1,498.00	3.00%
Certificated Supervisors' and Administrators' Salaries	1300	222,375.00	129,718.89	229,046.00	6,671.00	3.00%
Other Certificated Salaries	1900	-	-	-	-	
Total, Certificated Salaries		928,859.00	468,789.38	974,019.00	45,160.00	4.86%
2. Non-certificated Salaries						
Non-certificated Instructional Aides' Salaries	2100	427,887.00	209,568.10	380,661.00	(47,226.00)	-11.04%
Non-certificated Support Salaries	2200	-	-	-	-	
Non-certificated Supervisors' and Administrators' Sal.	2300	-	-	-	-	
Clerical and Office Salaries	2400	145,040.00	70,354.19	149,391.00	4,351.00	3.00%
Other Non-certificated Salaries	2900	239,298.00	91,262.15	228,284.00	(11,014.00)	-4.60%
Total, Non-certificated Salaries		812,225.00	371,184.44	758,336.00	(53,889.00)	-6.63%
3. Employee Benefits						
STRS	3101-3102	145,812.01	78,710.87	150,844.00	5,031.99	3.45%
PERS	3201-3202	-	-	-	-	
OASDI / Medicare / Alternative	3301-3302	69,566.00	33,478.51	71,556.00	1,990.00	2.86%
Health and Welfare Benefits	3401-3402	212,883.00	126,271.73	195,383.00	(17,500.00)	-8.22%
Unemployment Insurance	3501-3502	7,378.00	7,585.63	9,260.00	1,882.00	25.51%
Workers' Compensation Insurance	3601-3602	18,806.00	4,744.11	18,806.00	-	0.00%
OPEB, Allocated	3701-3702	-	-	-	-	
OPEB, Active Employees	3751-3752	-	-	-	-	
PERS Reduction (for revenue limit funded schools)	3801-3802	-	-	-	-	
Other Employee Benefits	3901-3902	-	-	-	-	
Total, Employee Benefits		454,445.01	250,790.85	445,849.00	(8,596.01)	-1.89%

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CHARTER SCHOOL

INTERIM FINANCIAL REPORT - ALTERNATIVE FORM

Second Interim Report - Summary

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2018/19

Description	Object Code	1st Interim Budget (X)	Actuals thru 01/31 (Y)	2nd Interim Budget (Z)	2nd Interim vs. 1st Interim Increase, (Decrease) $ Difference (Z) vs. (X)	2nd Interim vs. 1st Interim Increase, (Decrease) % Change (Z) vs. (X)
4. Books and Supplies						
Approved Textbooks and Core Curricula Materials	4100	1,000.00	4,474.00	5,000.00	4,000.00	400.00%
Books and Other Reference Materials	4200	5,920.00	41.00	350.00	(5,570.00)	-94.09%
Materials and Supplies	4300	27,000.00	8,017.00	15,430.00	(11,570.00)	-42.85%
Noncapitalized Equipment	4400	183,719.00	176,894.00	183,719.00	-	0.00%
Food	4700	175,834.00	235,232.00	449,500.00	273,666.00	155.64%
Total, Books and Supplies		393,473.00	424,658.00	653,999.00	260,526.00	66.21%
5. Services and Other Operating Expenditures						
Subagreements for Services	5100	-	-	-	-	
Travel and Conferences	5200	6,000.00	3,713.49	6,000.00	-	0.00%
Dues and Memberships	5300	5,300.00	1,813.80	5,300.00	-	0.00%
Insurance	5400	12,621.00	5,428.00	12,621.00	-	0.00%
Operations and Housekeeping Services	5500	42,112.00	7,671.00	42,112.00	-	0.00%
Rentals, Leases, Repairs, and Noncap. Improvements	5600	55,909.00	35,382.90	85,909.00	30,000.00	53.66%
Professional/Consulting Services and Operating Exper	5800	555,745.00	329,338.87	599,240.00	43,495.00	7.83%
Communications	5900	81,450.00	38,063.00	70,110.00	(11,340.00)	-13.92%
Total, Services and Other Operating Expenditur		759,137.00	421,411.06	821,292.00	62,155.00	8.19%
6. Capital Outlay (Objects 6100-6170, 6200-6500 modified accrual b						
Land and Land Improvements	6100-6170	75,000.00	-	-	(75,000.00)	(100%)
Buildings and Improvements of Buildings	6200	-	-	-	-	
Books and Media for New School Libraries or Major Expansion of School Libraries	6300	-	-	-	-	
Equipment	6400	-	-	-	-	
Equipment Replacement	6500	-	-	-	-	
Depreciation Expense (for accrual basis only)	*6900*	-	-	-	-	
Total, Capital Outlay		75,000.00	-	-	(75,000.00)	(100%)
7. Other Outgo						
Tuition to Other Schools	7110-7143	-	-	-	-	
Transfers of Pass-through Revenues to Other LEAs	7211-7213	-	-	-	-	
Transfers of Apportionments to Other LEAs - Spec. Ed	7221-7223SE	-	-	-	-	
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	-	-	-	-	
All Other Transfers	7281-7299	-	-	-	-	
Debt Service:						
Interest	7438	-	4,724.00	5,045.00	5,045.00	New
Principal (for modified accrual basis only)	7439	-	-	-	-	
Total, Other Outgo		-	4,724.00	5,045.00	5,045.00	New
8. TOTAL EXPENDITURES		3,423,139.01	1,941,557.73	3,658,540.00	235,400.99	6.88%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A		218,362.99	(165,406.38)	350,836.00	132,473.01	60.67%

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CHARTER SCHOOL
INTERIM FINANCIAL REPORT - ALTERNATIVE FORM
Second Interim Report - Summary

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2018/19

Description	Object Code	1st Interim Budget (X)	Actuals thru 01/31 (Y)	2nd Interim Budget (Z)	2nd Interim vs. 1st Interim Increase, (Decrease) $ Difference (Z) vs. (X)	2nd Interim vs. 1st Interim Increase, (Decrease) % Change (Z) vs. (X)
D. OTHER FINANCING SOURCES / USES						
1. Other Sources	8930-8979	-	-	-	-	
2. Less: Other Uses	7630-7699	-	-	-	-	
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	-	-	-	-	
4. TOTAL OTHER FINANCING SOURCES / USES		-	-	-	-	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D		218,362.99	(165,406.38)	350,836.00	132,473.01	60.67%
F. FUND BALANCE, RESERVES						
1. Beginning Fund Balance						
a. As of July 1	9791	151,128.00	151,128.00	151,128.00	-	0.00%
b. Adjustments to Beginning Balance	9793, 9795	-	-	-	-	
c. Adjusted Beginning Balance		151,128.00	151,128.00	151,128.00		
2. Ending Fund Balance, June 30 (E + F.1.c.)		369,490.99	(14,278.38)	501,964.00		
Components of Ending Fund Balance :						
a. Nonspendable						
Revolving Cash (equals object 9130)	9711	-	-	-	-	
Stores (equals object 9320)	9712	-	-	-	-	
Prepaid Expenditures (equals object 9330)	9713	-	-	-	-	
All Others	9719	-	-	-	-	
b. Restricted	9740	-	50,036.95	-	-	
c Committed						
Stabilization Arrangements	9750	-	-	-	-	
Other Commitments	9760	-	-	-	-	
d Assigned						
Other Assignments	9780	-	-	-	-	
e. Unassigned/Unappropriated						
Reserve for Economic Uncertainties	9789	-	97,077.89	108,887.00	108,887.00	New
Unassigned/Unappropriated Amount	9790	369,491.00	(161,393.22)	393,077.00	23,586.00	6.38%

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CHARTER SCHOOL

MULTI-YEAR PROJECTION - ALTERNATIVE FORM

Second Interim Report - MYP

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

This charter school uses the following basis of accounting:

[x] **Accrual Basis** (Applicable Capital Assets / Interest on Long-Term Debt / Long-Term Liabilities objects are 6900, 7438, 9400-9499, and 9660-9669)

[ ] **Modified Accrual Basis** (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Description	Object Code	FY 2020/21 Unrestricted	FY 2020/21 Restricted	FY 2020/21 Total	Totals for 2021/22	Totals for 2022/23
A. REVENUES						
1. Revenue Limit Sources						
State Aid - Current Year	8011	2,318,477.00	0.00	2,318,477.00	3,936,414.04	4,372,002.44
Education Protection Account State Aid - Current Year	8012	42,864.00	0.00	42,864.00	43,506.96	44,159.56
Charter Schools Gen. Purpose Entitlement - State Aid	8015	0.00	0.00	0.00	0.00	0.00
State Aid - Prior Years	8019	0.00	0.00	0.00	0.00	0.00
Tax Relief Subventions (for rev. limit funded schools)	8020-8039	0.00	0.00	0.00	0.00	0.00
County and District Taxes (for rev. limit funded schools	8040-8079	0.00	0.00	0.00	0.00	0.00
Miscellaneous Funds (for rev. limit funded schools)	8080-8089	0.00	0.00	0.00	0.00	0.00
LCFF/Revenue Limit Transfers:						
PERS Reduction Transfer	8092	0.00	0.00	0.00	0.00	0.00
Charter Schools Funding in lieu of Property Taxes	8096	0.00	0.00	0.00	0.00	0.00
Other LCFF/Revenue Limit Transfers	8091, 8097	0.00	0.00	0.00	0.00	0.00
Total, LCFF/Revenue Limit Sources		2,361,341.00	0.00	2,361,341.00	3,979,921.00	4,416,162.00
2. Federal Revenues						
No Child Left Behind	8290	0.00	185,812.00	185,812.00	223,866.00	262,139.00
Special Education - Federal	8181, 8182	0.00	21,000.00	21,000.00	47,130.00	55,564.00
Child Nutrition - Federal	8220	0.00	379,000.00	379,000.00	230,076.00	271,250.00
Other Federal Revenues	8110, 8260-829	0.00	494,033.00	494,033.00	0.00	0.00
Total, Federal Revenues		0.00	1,079,845.00	1,079,845.00	501,072.00	588,953.00
3. Other State Revenues						
Charter Schools Categorical Block Grant	N/A thru 14/15					
Special Education - State	StateRevSE	0.00	127,981.00	127,981.00	218,408.00	257,495.00
All Other State Revenues	StateRevAO	55,409.00	34,800.00	90,209.00	464,028.00	538,271.00
Total, Other State Revenues		55,409.00	162,781.00	218,190.00	682,436.00	795,766.00
4. Other Local Revenues						
All Other Local Revenues	LocalRevAO	350,000.00	0.00	350,000.00	375,385.00	186,353.00
Total, Local Revenues		350,000.00	0.00	350,000.00	375,385.00	186,353.00
5. TOTAL REVENUES		2,766,750.00	1,242,626.00	4,009,376.00	5,538,814.00	5,987,234.00
B. EXPENDITURES						
1. Certificated Salaries						
Certificated Teachers' Salaries	1100	274,945.00	418,600.00	693,545.00	1,007,583.00	1,159,832.00
Certificated Pupil Support Salaries	1200	51,428.00	0.00	51,428.00	71,672.00	88,586.00
Certificated Supervisors' and Administrators' Salaries	1300	229,046.00	0.00	229,046.00	266,121.00	357,674.00
Other Certificated Salaries	1900	0.00	0.00	0.00	-	-
Total, Certificated Salaries		555,419.00	418,600.00	974,019.00	1,345,376.00	1,606,092.00
2. Non-certificated Salaries						
Non-certificated Instructional Aides' Salaries	2100	380,661.00	0.00	380,661.00	567,953.00	645,770.00
Non-certificated Support Salaries	2200	0.00	0.00	0.00	0.00	0.00
Non-certificated Supervisors' and Administrators' Sal.	2300	0.00	0.00	0.00	0.00	22,816.00
Clerical and Office Salaries	2400	149,391.00	0.00	149,391.00	102,041.00	104,081.00
Other Non-certificated Salaries	2900	228,284.00	0.00	228,284.00	138,595.00	237,272.00
Total, Non-certificated Salaries		758,336.00	0.00	758,336.00	808,589.00	1,009,939.00

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CHARTER SCHOOL

MULTI-YEAR PROJECTION - ALTERNATIVE FORM

Second Interim Report - MYP

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

Description	Object Code	FY 2020/21 Unrestricted	FY 2020/21 Restricted	FY 2020/21 Total	Totals for 2019/20	Totals for 2020/21
3. Employee Benefits						
STRS	3101-3102	81,984.30	68,859.70	150,844.00	217,803.00	277,704.00
PERS	3201-3202	0.00	0.00	0.00	0.00	0.00
OASDI / Medicare / Alternative	3301-3302	58,998.00	12,558.00	71,556.00	90,229.00	106,041.00
Health and Welfare Benefits	3401-3402	165,382.30	30,000.70	195,383.00	275,787.00	337,248.00
Unemployment Insurance	3501-3502	5,074.00	4,186.00	9,260.00	9,758.00	11,184.00
Workers' Compensation Insurance	3601-3602	14,201.40	4,604.60	18,806.00	25,723.00	30,395.00
OPEB, Allocated	3701-3702	0.00	0.00	0.00	0.00	0.00
OPEB, Active Employees	3751-3752	0.00	0.00	0.00	0.00	0.00
PERS Reduction (for revenue limit funded schools)	3801-3802	0.00	0.00	0.00	0.00	0.00
Other Employee Benefits	3901-3902	0.00	0.00	0.00	0.00	0.00
Total, Employee Benefits		325,640.00	120,209.00	445,849.00	619,300.00	762,572.00
4. Books and Supplies						
Approved Textbooks and Core Curricula Materials	4100	4,250.00	750.00	5,000.00	8,011.00	9,445.00
Books and Other Reference Materials	4200	297.50	52.50	350.00	14,820.00	17,473.00
Materials and Supplies	4300	5,114.50	10,315.50	15,430.00	52,740.00	57,660.00
Noncapitalized Equipment	4400	30,519.00	153,200.00	183,719.00	52,447.00	90,695.00
Food	4700	70,500.00	379,000.00	449,500.00	291,200.00	343,313.00
Total, Books and Supplies		110,681.00	543,318.00	653,999.00	419,218.00	518,586.00
5. Services and Other Operating Expenditures						
Subagreements for Services	5100	0.00	0.00	0.00	0.00	0.00
Travel and Conferences	5200	6,000.00	0.00	6,000.00	7,238.00	19,652.00
Dues and Memberships	5300	5,300.00	0.00	5,300.00	6,500.00	7,700.00
Insurance	5400	12,621.00	0.00	12,621.00	12,874.00	13,131.00
Operations and Housekeeping Services	5500	37,112.00	5,000.00	42,112.00	83,280.00	91,080.00
Rentals, Leases, Repairs, and Noncap. Improvements	5600	85,909.00	0.00	85,909.00	625,476.00	721,091.00
Professional/Consulting Services and Operating Expend	5800	478,741.00	120,499.00	599,240.00	853,577.00	929,083.00
Communications	5900	35,110.00	35,000.00	70,110.00	21,437.00	21,549.00
Total, Services and Other Operating Expenditures		660,793.00	160,499.00	821,292.00	1,610,382.00	1,803,286.00
6. Capital Outlay (Obj. 6100-6170, 6200-6500 for mod. accr. ba						
Land and Land Improvements	6100-6170	0.00	0.00	0.00	0.00	0.00
Buildings and Improvements of Buildings	6200	0.00	0.00	0.00	0.00	0.00
Books and Media for New School Libraries or Major Expansion of School Libraries	6300	0.00	0.00	0.00	0.00	0.00
Equipment	6400	0.00	0.00	0.00	0.00	0.00
Equipment Replacement	6500	0.00	0.00	0.00	0.00	0.00
Depreciation Expense (for accrual basis only)	*6900*	0.00	0.00	0.00	0.00	0.00
Total, Capital Outlay		0.00	0.00	0.00	0.00	0.00
7. Other Outgo						
Tuition to Other Schools	7110-7143	0.00	0.00	0.00	0.00	0.00
Transfers of Pass-through Revenues to Other LEAs	7211-7213	0.00	0.00	0.00	0.00	0.00
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	0.00	0.00	0.00	0.00	0.00
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	0.00	0.00	0.00	0.00	0.00
All Other Transfers	7280-7299	0.00	0.00	0.00	0.00	0.00
Debt Service:						
Interest	7438	5,045.00	0.00	5,045.00	3,565.00	2,289.00
Principal (for modified accrual basis only)	7439	0.00	0.00	0.00	0.00	0.00
Total, Other Outgo		5,045.00	0.00	5,045.00	0.00	0.00
8. TOTAL EXPENDITURES		2,415,914.00	1,242,626.00	3,658,540.00	4,802,865.00	5,700,475.00
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-		350,836.00	0.00	350,836.00	735,949.00	286,759.00

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CHARTER SCHOOL

MULTI-YEAR PROJECTION - ALTERNATIVE FORM

Second Interim Report - MYP

Charter School Name: Watsonville Prep School
(continued)
CDS #: 44 77248 0138909
Charter Approving Entity: SBE
County: Santa Cruz
Charter #: 2032
Fiscal Year: 2020/21

Description	Object Code	FY 2020/21 Unrestricted	FY 2020/21 Restricted	FY 2020/21 Total	Totals for 2019/20	Totals for 2020/21
D. OTHER FINANCING SOURCES / USES						
1. Other Sources	8930-8979	0.00	0.00	0.00	0.00	0.00
2. Less: Other Uses	7630-7699	0.00	0.00	0.00	0.00	0.00
3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)	8980-8999	0.00	0.00	0.00	0.00	0.00
4. TOTAL OTHER FINANCING SOURCES / USES		0.00	0.00	0.00	0.00	0.00
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D		350,836.00	0.00	350,836.00	735,949.00	286,759.00
F. FUND BALANCE, RESERVES						
1. Beginning Fund Balance						
a. As of July 1	9791	151,128.00	0.00	151,128.00	501,964.00	926,359.00
b. Adjustments to Beginning Balance	9793, 9795	0.00	0.00	0.00		
c. Adjusted Beginning Balance		151,128.00	0.00	151,128.00	190,410.00	926,359.00
2. Ending Fund Balance, June 30 (E + F.1.c.)		501,964.00	0.00	501,964.00	926,359.00	1,213,118.00
Components of Ending Fund Balance:						
a. Nonspendable						
Revolving Cash (equals object 9130)	9711	0.00	0.00	0.00	0.00	0.00
Stores (equals object 9320)	9712	0.00	0.00	0.00	0.00	0.00
Prepaid Expenditures (equals object 9330)	9713	0.00	0.00	0.00	0.00	0.00
All Others	9719	0.00	0.00	0.00	0.00	0.00
b. Restricted	9740	0.00	0.00	0.00	0.00	0.00
c. Committed						
Stabilization Arrangements	9750	0.00	0.00	0.00	0.00	0.00
Other Commitments	9760	0.00	0.00	0.00	0.00	0.00
d Assigned						
Other Assignments	9780	0.00	0.00	0.00	0.00	0.00
e. Unassigned/Unappropriated						
Reserve for Economic Uncertainties	9789	108,887.00	0.00	108,887.00	240,143.25	285,023.75
Unassigned/Unappropriated Amount	9790	393,077.00	0.00	393,077.00	686,215.75	928,094.25

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Coversheet

Approval of Revised Expansion of In-Person Instruction Plan

Section: III. Topical Items
Item: A. Approval of Revised Expansion of In-Person Instruction Plan
Purpose: Vote
Submitted by:
Related Material: Revised Expanded In-Person Instruction Plan.pdf

Navigator Schools
Charting a new course in education

Date: March 26, 2021
To: Navigator Schools Board
From: Kevin Sved, CEO
Subject: Recommendation to Approve Revised Plan to Expand In-Person Instruction

On March 4, 2021 the Board of Directors approved the proposed plan to Expand In-Person Instruction. Since that time, it became evident that minor modifications to the plan were necessary. The key changes to the plan are described in the table below.

Plan Approved March 4	**Proposed Plan March 29**
Staff will have the opportunity for the first dose of vaccine before being requested to return to in-class instruction.	No change.
Launch Hybrid for K-4 on April 13 (K may be earlier), 5-8 on April 19.	Launch hybrid for K-2 at WPS on April 13 Launch hybrid for GPS (K-8), HPS (K-8) and WPS (3rd grade) on April 19
Parents choose distance learning or hybrid	No change.
Hybrid program is face to face M-Th, AM / PM, 2hrs 45 min (~8:15 to ~11:00) or (~12:25 to ~3:10)	Hybrid program is face to face M-Th, AM / PM, *2hrs 30-45* min (Scheduling at co-located campuses may require some flexibility.)
Friday schedule for intervention (~8:15 to ~11:00) with 20 students at each grade level with highest academic needs on-site for intervention.	Friday ~8:15a to ~11:00a for hybrid/distance learning, with class community meetings and social emotional learning for all students. Intervention for most vulnerable students will be provided through a combination of on-site, in-person instruction, and distance learning.

The following attachments are provided as supporting material for this recommendation:
1) A memo explaining the rationale for the changes to the Friday intervention plan
2) The slide deck shared on March 4, 2021 with the plan approved by the board

Recommendation
It is recommended that the Board approve the proposed revised plan.

Navigator Schools
Charting a new course in education

Date: March 26, 2021
To: Navigator Schools Board of Directors
From: James Dent, Chief Academic Officer and Melissa Alatorre Alnas, Director of Schools & HR
Subject: Proposed Hybrid Intervention on Fridays

At the last board meeting, the Board of Directors voted to hold onsite intervention for our most vulnerable students on Friday mornings at our three schools. After reviewing student academic and SEL needs, we are proposing to adjust and offer a hybrid option for Friday mornings in which some teachers and SGIs are present on campus and others hold distance learning interventions. The reasons for making this adjustment include:

1. More than one third of students need intervention in early grades at all schools
2. Many of our students with highest needs have selected afternoon classes or Distance Learning only instruction which makes it difficult for them to be on-site for intervention on Friday mornings
3. Data collected this month also shows our low ratio distance learning intervention is having a positive impact on student performance and teachers would like to keep this option available
4. By adding distance learning as an option for intervention, more classrooms will be made available for sm`all groups in-person on Friday mornings for lower grades.
5. This model continues to provide a safe space for On Site Distance Learning students to attend on Fridays

After beginning planning in earnest at sites, both site leaders and the instructional staff at all three sites supported this idea of offering both options on Fridays. It increases the number of students we can serve and offers flexibility at the site level to address specific needs. The support office academic team is in support of this adjustment and we feel like it is a more effective way to spend our Fridays for the sake of our students and instructional staff.

To summarize, site leadership teams will look at the local context and have the flexibility to build an on-site and distance learning plan that works best considering their specific needs and resource availability.

Navigator Schools

Expanding In-Person Instruction

March 4, 2021

Expanded In-Person Instruction Plan Summary

1) Staff will have opportunity for first dose of vaccine before required to return to in-class instruction.
2) Launch Hybrid for K-4 on April 13 (K may be earlier), 5-8 on April 19.
3) Parents choose continued distance learning or hybrid
4) Hybrid program is face to face M-Th, AM / PM, 2hrs, 45 min (~8:15 to ~11:00) or (~12:25 to ~3:10)
5) Friday schedule for intervention (~8:15 to ~11:00)

Navigator Schools
Charting a new course in education

Oh what a year it has been….

School as we know it changed drastically
COVID protocols meant we could no longer safely be on campus together

OSDL introduced as Navigator's latest acronym
Every student by name and need was illustrated by the on campus return for our most vulnerable students.

New School Year - Same Distance Learning
Increase in local numbers and lack of vaccine predicated a distance learning only start to the school year

Back to school day ….Spring style
In light of recent COVID trends, increase of vaccine availability, safety protocols, and the educational needs of children, Navigator will begin gradually bringing grades back on campuses

Reopen School Campuses

Steps to ensure a safe reopening for students, staff, and families

Where are we and where do we need to go...

1. **Current state of play**
   a. What does school look like today
   b. Status of staff vaccinations
   c. Stakeholder engagement
   d. Safety protocols in place
   e. Why reopen campuses now
2. **What comes next?**
   a. Gradual expansion of in-person instruction
   b. Instituting best practices from other schools
   c. Detailed safety plans and operations logistics shared with staff and families
   d. Staff & organization considerations & needs

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What does school look like today?

- **Distance learning**
  - Students are in Zoom class 8:45-12:00 Monday-Thursday, 8:45-11:30 Friday
  - Intervention block 12:00-12:30
  - Asynchronous blended learning in the afternoons
- **On Site Distance Learning (OSDL)**
  - Small cohorts of students completing distance learning on campus at all three sites
  - 2 facilitators per classroom of 12 students
- **Staff resources**
  - Blended learning champions - PE coaches, AR specialists
  - Yard duty staff - covering OSDL support and providing call center services to assist with attendance

Navigator Schools - NS Special Board Meeting - Agenda - Monday March 29, 2021 at 3:00 PM

Progress of Staff Vaccinations

What is the process for getting staff vaccinated?

- Process varies by county
    - San Benito County Supt of Schools working to fairly distribute county allotment of vaccines
    - Santa Clara County no additional support to register staff
    - Santa Cruz County Supt of Schools distributed county allotment and worked with health care providers to fully vaccinated all educators in Santa Cruz County
- Navigator leadership team is advocating for expanded number of vaccines in counties with the outstanding need

What percentage of staff has been vaccinated?

- GPS - 67 staff members
    - 22% - have received at least 1 shot or have an appointment
    - 21% - do not want the vaccine
    - 57% - still need appointments
- HPS - 73 staff members
    - 40% - have received at least 1 shot or have an appointment
    - 22% - do not want the vaccine
    - 38% - still need appointments
- WPS - 41 staff members
    - 63% - have received at least 1 shot or have an appointment
    - 15% - do not want the vaccine
    - 22% - still need appointments

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Stakeholder Engagement

Ensuring we hear all perspectives before reopening school campuses

1. **Staff**
   a. Leadership team talked with principals on Friday 2/26
   b. Principals met with their leadership teams on Monday 3/1
   c. DC team spoke at site huddles 3/2 & 3/3
   d. Staff was encouraged to email questions for the staff meeting on March 5
   e. Staff meeting March 5
2. **Families**
   a. Families have been receiving monthly updates
   b. Families will receive plan and survey March 5
3. **Local counties**
   a. Staff participates in weekly or bi-weekly meetings with local counties to learn about status of health in the counties, what other districts and charters are doing, and to share our plans

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Safety measures in place

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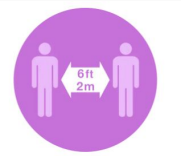
Testing for Students & Staff

- Navigator Schools will encourage staff to test on a bi-weekly basis, providing information for free testing sites. Staff will be encouraged to make testing appointments during non instructional hours but will provide coverage when necessary. Testing is not required for staff or students
- Staff will be provided with testing locations in all three counties where school sites are located
- Staff who is exhibiting symptoms will need to be tested and isolate according to state guidelines. As the quarantine and testing are steps toward providing a safe environment for all students, staff, and families alternate work responsibilities will be assigned if possible.
- As part of the overall COVID safety protocols staff will be notified if there is a positive case on campus with the next steps for testing and quarantine procedures.

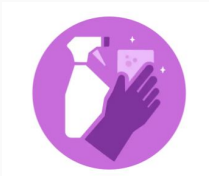
We will practice safety and minimize risk

- COVID student protocol checklist will be completed by parents each day
- Students and staff temps be taken daily
- Staff will be tested.

- Use of facial coverings for all staff and students per current guidelines
- Masks are available for all staff and students who need them/don't bring their own to use
- Limited exceptions for verified medical conditions.



- Maintain 6 ft distance between individuals at all times
- Students stay in the same groups and classrooms
- No shared materials (e.g. paper, pencils, computers)
- Breaks are held outside with distance between students
- Turn desks to face in the same direction to reduce transmission



- Staff and students sanitize hands when entering and exiting room
- Desks/surfaces are wiped down during breaks and after school
- Staggered break times to allow cleaning team to operate throughout the day

Ventilation & Air flow

1. HVAC - all air filters have been upgraded to the recommended MERV13 (Minimum Efficiency Reporting Value) and will be replaced every 30 days, or sooner, as recommended.

2. All doors and windows should remain open and air circulating constantly.

What happens if...

- **A student or staff member is exposed to a family member who tests positive**
  - Student/staff sent home and instructed to get tested around day 7 after exposure to case
  - Student/staff instructed to quarantine for full 14 days after date of last exposure (even if they test negative)
- **A staff member or student tests positive**
  - All staff and families will be notified of a positive case (maintaining confidentiality)
  - Any area used by the individual will be cleaned and disinfected
  - The staff and students within the cohort (if applicable) will sent home and quarantined for 14 days from last exposure.
  - Close contacts (within 6 feet for longer than 15 minutes) will also be sent home to quarantine for 14 days
- **A child refuses to wear a mask**
  - all students and families will be given copies of the local ordinances requiring masks. If a child is able to wear a mask and is not doing so for reasons other than health or ability related, a distance learning situation may be best for the child.

Why reopen campuses now?

Science & need combined = a long awaited ability to provide in-person instruction for all students who want it

- The COVID-19 vaccine & its effects, contagiousness, and safety measures is ever changing with new information being learned & shared daily
- Research continues to show the intense need for students to return to in person instruction
- Spring/warmer weather allows for more outside activities, open window and doors

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What Comes Next - Hybrid Model Proposal

Guiding Thoughts for Proposed Model

1. ***We adopt the ½ day sample schedule below that includes two seventy-five minute sessions and one 15 minute break.***
   Intent: We believe that daily in-person instruction is best for students
   Priority 1: Provide small group instruction daily in math and ELA
   Priority 2: DL students receive synchronous instruction daily
2. ***Tier 2 twenty students (+/- 5ish)*** per grade level attend Friday mornings, rest of students DL or asynchronous (equity)
   Intent: To provide more intensive learning support to our most struggling students.
   Priority 1: Lowest students receive additional intervention time in person on Fridays
   Priority 2: All other students receive some synchronous instruction on Friday
3. **Sites have autonomy to have Kindergarten classes engage in on-site activities** (with James or Melissa's support) the week of March 29th.
   Intent: Kindergarten kids have never been in a Navi classroom and this may be helpful to Transition
4. **Sites have autonomy to build DL-only programming** (with James/Melissa's support) based on site needs if there is no-network level support (i.e. one third grade ELA teacher for all Navi students in DL-only).
   Intent: DL only is going to vary by site and grade level and site teams will need to look at the local context / staff capacity to build the DL-only portion

Student Sample Schedule

	Group 1 (AM)	Group 2 (PM)	Group 3 (DL)	Friday (AM Int)
8:15-11:00	Face-to-Face on Campus	Homework	Homework	In-person: Intervention group Homework: Everyone else
11:00-11:15 15 min	DISMISSAL			Synchronous Learning w Everyone else
11:15-11:25 10 min	CLEAN ROOMS			
11:25-12:10 45 min	LUNCH			
12:10-2:55	Homework	Face-to-Face on Campus	Distance Learning	Homework

M-TH INSTRUCTIONAL STAFF SCHEDULE	STEM	ELA
7:30-7:40 10 min	Huddle (In class via Zoom)	
7:40-8:00 20 min	PREP	
8:00-8:15 15 min	STUDENTS ARRIVE	
8:15-9:30 75 min	Group 1A	Group 1B
9:30-9:45 15 min	BREAK	
9:45-11:00 75 min	Group 1B	Group 1A
11:00-11:15 15 min	DISMISSAL	
11:15-11:25 10 min	CLEAN ROOMS	
11:25-12:10 45 min	LUNCH	
12:10-12:25	STUDENTS ARRIVE	
12:25-1:40 75 min	Group 2A	Group 2B
1:40-1:55 15 min	BREAK	
1:55-3:10 75 min	Group 2B	Group 2A
3:10-3:25 15 min	DISMISSAL	
3:25-4:00 35 min	Prep, Coaching	

FRIDAY INSTRUCTIONAL STAFF SCHEDULE	STEM	ELA
7:30-7:40 10 min	Huddle (In class via Zoom)	
7:40-8:00 20 min	PREP	
8:00-8:15 15 min	STUDENTS ARRIVE	
8:15-9:30 75 min	Intervention Group A	Intervention Group B
9:30-9:45 15 min	BREAK	
9:45-11:00 75 min	Intervention Group B	Intervention Group A
11:00-11:15 15 min	DISMISSAL	
11:15-11:25 10 min	CLEAN ROOMS	
11:25-12:10 45 min	LUNCH	
12:10-4:00 230 min	Staff PD, Coaching, Prep	

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Best practices from other sites

What have we learned from other schools

- Use of outdoor spaces
- Remind families of need for minimal external contact
- Need enough assistance for drop off and pick up to ensure smooth transitions
- Staggering start and release times
- Need to have dedicated distance-learning teachers as simultaneous distance learning and live teaching leads to burnout

Socially distanced school….

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Staff & Organization considerations & needs

Keeping our organizational culture strong for staff and students

- Wellness Team has set up office hours - team of counselors, psychologists and our 2 wonderful interns offering support for questions/concerns staff may have on behavior, academics or mental health-pertaining to staff or student(s).
- If staff has significant concerns about returning to campus, please share these concerns with your principal or supervisor so you both can collaborate on next best steps
- All staff will be given the opportunity to request a leave if the options for onsite work responsibilities are not feasible for them for medical reasons.

Expanded In-Person Instruction Plan Summary

1) Staff will have opportunity for first dose of vaccine before being required to return to in-class instruction.
2) Launch Hybrid for K-4 on April 13 (K may be earlier), 5-8 on April 19.
3) Parents choose continued distance learning or hybrid
4) Hybrid program is face to face M-Th, AM / PM, 2hrs, 45 min (~8:15 to ~11:00) or (~12:25 to ~3:10)
5) Friday schedule for intervention (~8:15 to ~11:00)

Coversheet

Approval of Three New Navigator Schools Board Members

Section: III. Topical Items
Item: B. Approval of Three New Navigator Schools Board Members
Purpose: Vote
Submitted by:
Related Material: BR 2021_07 Election of Three Board Members.pdf

BOARD RESOLUTION 2021-07

March 29, 2021

ELECTION OF
CHUCK DAGGS, SHARA HEGDE, AND DENA KOREN
TO THE BOARD OF DIRECTORS OF NAVIGATOR SCHOOLS

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools regarding the election of Chuck Daggs, Shara Hegde, and Dena Koren to serve on the Board of Directors of Navigator Schools:

WHEREAS Navigator Schools will seek to ensure that Board members represent a broad area of expertise and a broad cross-section of the school communities and community-at-large, including financial expertise, community and educational leadership, real estate, law, educational pedagogy, public accountancy, business, and philanthropy,

WHEREAS each director shall hold office for two (2) years and until a successor director has been designated and qualified,

WHEREAS the Governance Committee will identify existing vacancies, or vacancies that are bound to arise due to expiring Board terms,

WHEREAS no Board member shall serve for more than three consecutive terms, or six years,

WHEREAS the full Board will vote to approve new members by majority vote,

RESOLVED, the Navigator Schools Board by majority vote approves the election of Chuck Daggs, Shara Hegde, and Dena Koren to the board of Directors of Navigator Schools for a first term, to begin and end according to the dates listed below

- April 20, 2021 - April 19, 2023

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on March 29, 2021 via teleconference due to the COVID-19 pandemic.

The Secretary of the Corporation certifies that this resolution was adopted at the dated meeting of the board of directors.

_____ _____

Nora Crivello, Secretary Date