



Navigator Schools

Finance Committee

Date and Time

Wednesday February 16, 2022 at 2:00 PM PST

Location

Zoom (see Google Calendar)

This meeting will be held in compliance with modified Brown Act requirements as outlined in Executive Order [N-25-20](#). An archive of board meeting minutes is available for public view at the Navigator Schools, 650 San Benito Street, Suite 230, Hollister CA 95023.

Individuals in need of a disability-related accommodation, modification, or auxiliary aid/service, should direct requests [via e-mail](#) to Sean Martin, Executive Assistant to the CEO.

Agenda

I. Opening Items

Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

C. Approve Minutes from Previous Meeting

Approve minutes for Finance Committee on October 6, 2021

II. Business and Finance

A. Financials

A.Ortiz will present financials as of December 31, 2021.

B. 2020-21 Audit Report

A. Ortiz will present the Audit Report for the 2020-21 fiscal year.

C. 2022-23 Budget Projections

A. Ortiz will will share budget projections for 2022-23.

III. Closing Items

A. Adjourn Meeting

Members will vote on the approval of meeting adjournment.

Coversheet

Approve Minutes from Previous Meeting

Section: I. Opening Items
Item: C. Approve Minutes from Previous Meeting
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Finance Committee on October 6, 2021

APPROVED



Navigator Schools

Minutes

Finance Committee

Date and Time

Wednesday October 6, 2021 at 1:00 PM

Location

Zoom (see Google Calendar)

This meeting will be held in compliance with modified Brown Act requirements as outlined in Executive Order [N-25-20](#). An archive of board meeting minutes is available for public view at the Navigator Schools, 650 San Benito Street, Suite 230, Hollister CA 95023.

Individuals in need of a disability-related accommodation, modification, or auxiliary aid/service, should direct requests to Sean Martin, Executive Assistant to the CEO. Contact: (831) 217-4894 smartin@navigatorschools.org

Committee Members Present

JP Anderson (remote), Victor Paredes-Colonia (remote)

Committee Members Absent

None

Guests Present

Ami Ortiz (remote), Emmanuel Villagomez (remote), Kevin Sved (remote), Sean Martin (remote)

I. Opening Items

A.

Record Attendance and Guests

B. Call the Meeting to Order

Victor Paredes-Colonia called a meeting of the Finance Committee of Navigator Schools to order on Wednesday Oct 6, 2021 at 1:05 PM.

C. Approve Minutes from Previous Meeting

Victor Paredes-Colonia made a motion to approve the minutes from Finance Committee on 08-13-21.

JP Anderson seconded the motion.

The committee **VOTED** to approve the motion.

II. Business and Finance

A. Financials

A. Ortiz presented the financials and explained changes to the format of reports. She answered questions concerning variances, particularly relating to Hollister Prep School. She incorporated elements of the latest Budget Revise (see next agenda item) in her explanations. Expanded staffing and additional materials relating to the support of student learning as impacted by COVID-19 were highlighted. Expenses connected to Independent Study, special education, and food services were also discussed.

B. Proposed 2021-22 Budget Revise

A. Ortiz reviewed allocations of ESSER funds as distributed during specific years of the program. She compared and contrasted levels and purposes of expenses based on the unique needs and circumstances of school sites, including those associated with the recent opening of Watsonville Prep School at its new facilities. Extra supports for students and school services to mitigate challenges presented by COVID-19 were discussed in-depth.

C. ESSR III Expenditure Plan

A. Ortiz pointed out that the correct acronym for the topic is ESSER (not ESSR). This mistake will be corrected in future materials. She explained the purpose of ESSER plans and reviewed the major components of the plans. She answered member questions and confirmed next steps for board approval of the plans.

D. Hollister Prep Long-Term Facilities

K. Sved provided an update regarding long-term facilities for Hollister Prep School. He reviewed previous efforts to identify and acquire vacant land upon which construct new school facilities. Reasons for pursuing additional property were listed and explained. He highlighted differences between facility priorities at Hollister Prep School and at Gilroy Prep School. Upcoming plans for real property negotiations were introduced, including

next steps for the board. Plans include the potential approval of a Letter of Agreement with charter school property expert Elizabeth Sanborn. He explained key elements of the process, including deposits, durations of agreements, contract amounts, procedures, and related budgetary issues. Members discussed potential land use and facility modifications at Gilroy Prep School.

III. Closing Items

A. Adjourn Meeting

Victor Paredes-Colonia made a motion to adjourn the meeting.

JP Anderson seconded the motion.

The committee **VOTED** to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 1:56 PM.

Respectfully Submitted,
Sean Martin

Coversheet

Financials

Section: II. Business and Finance
Item: A. Financials
Purpose: Discuss
Submitted by:
Related Material: December 31 2021 Financials.pdf



2021-22 Financial Narrative
December 31, 2021

2021-22 Net Income (GAAP)

	BOD Approved Budget Net Income (GAAP)	Projected Net Income (GAAP)
Charter Management Organization (CMO)	156k	156k
Gilroy Prep School (GPS)	293k	293K
Hollister Prep School (HPS)	86k	86K
Watsonville Prep School (WPS)	165k	165k
Total	700k	700k

*Please note, due to the recent budget revise there are no significant variances to report

- Charter Management Organization (CMO)
 - Nothing to report

- Gilroy Prep School
 - \$100k favorable variance in Federal funding for child nutrition due to the reimbursements continuing to be higher due to the pandemic
 - \$100k unfavorable variance in Federal funding for child nutrition due to more families receiving school based meals

- Hollister Prep School
 - Nothing to report

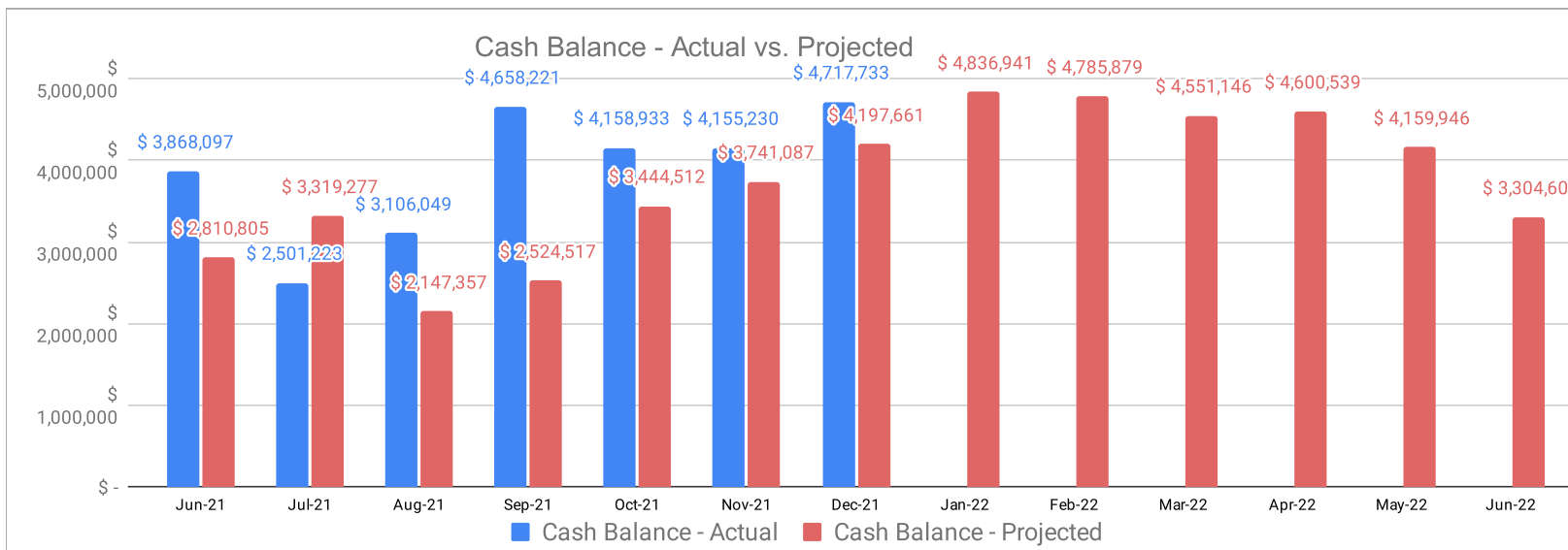
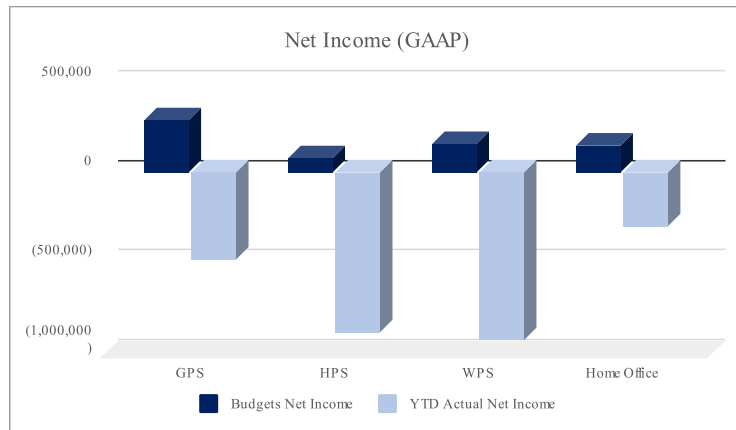
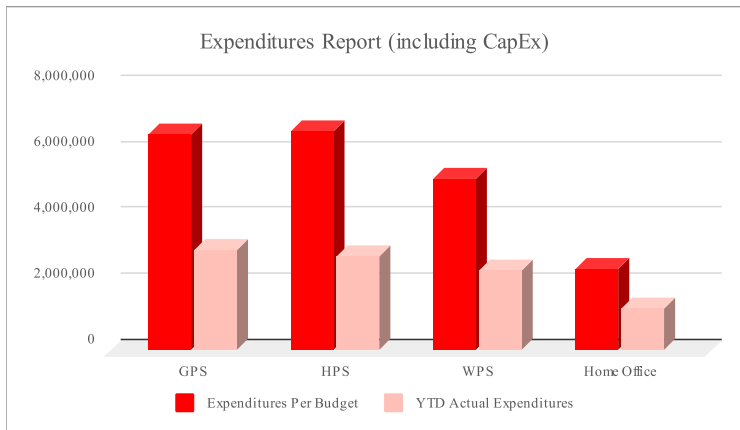
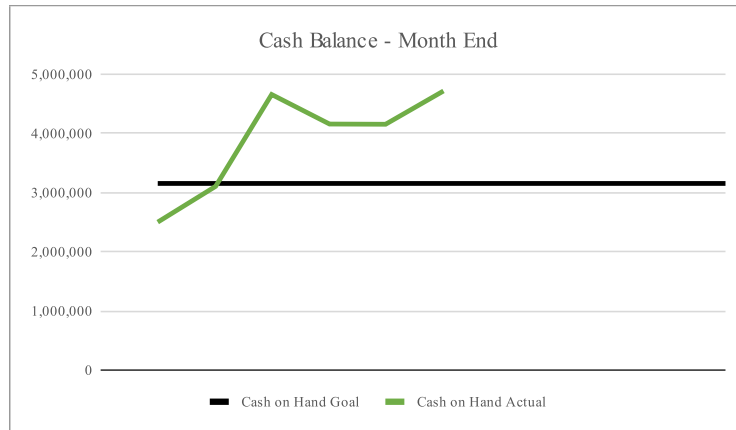
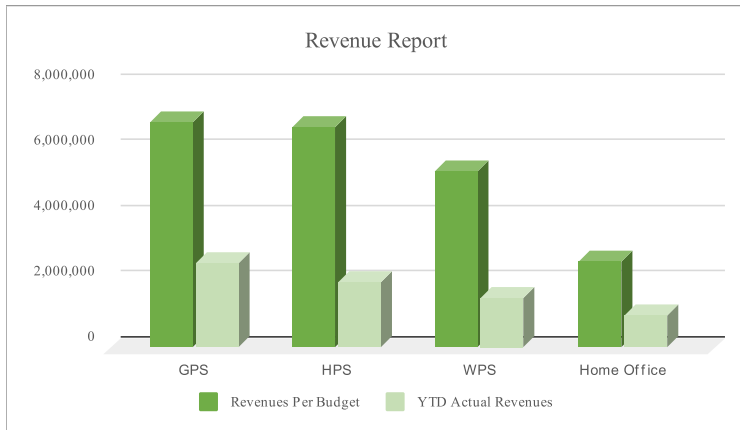
- Watsonville Prep School
 - \$164k favorable variance in Federal funding for child nutrition due to the reimbursements continuing to be higher due to the pandemic
 - \$164k unfavorable variance in Federal funding for child nutrition due to more families receiving school based meals

Navigator Schools
 Consolidated Balance Sheet Comparison
 December 31, 2021

	12/31/21
	<u>Navigator</u>
Cash	4,717,733
Accounts Receivable	324,576
Prepaid Expense	184,486
Fixed Assets, net of depreciation	984,605
Other Assets	4,763
Total Assets	6,216,163
Accrued Liabilities	1,236,263
Loans Payable	428,704
Total Liabilities	1,664,967
Beginning Fund Balance	7,096,254
Net Income	-2,545,058
Ending Fund Balance	4,551,196
Total Liabilities & Fund Balance	6,216,163

****Loans Payable**

Watsonville Prep School	\$197,915	California Department of Education
Watsonville Prep School	\$230,789	Pacific Charter School Development



Navigator Schools - 2021-22 Budget vs. Projection

	December 31, 2021				GPS				HPS				WPS				CMO			
	Total	TOTAL	Total	Total	GPS	GPS	GPS	GPS	HPS	HPS	HPS	HPS	WPS	WPS	WPS	WPS	CMO	CMO	CMO	CMO
	2021-22	2021-22	2021-22	Projection	2021-22	2021-22	2021-22	Projection	2021-22	2021-22	2021-22	Projection	2021-22	2021-22	2021-22	Projection	2021-22	2021-22	2021-22	Projection
	BOD Approved				BOD Approved				BOD Approved				BOD Approved				BOD Approved			
	Budget	Actuals	Projection	to Budget	Budget	Actuals	Projection	to Budget	Budget	Actuals	Projection	to Budget	Budget	Actuals	Projection	to Budget	Budget	Actuals	Projection	to Budget
Enrollment	1405	1390	1400		540	540	540		540	540	540		325	310	320					
REVENUE:																				
LCFF Revenue	13,469,729	4,382,789	13,469,729	0	4,940,034	1,631,955	4,940,034	0	5,012,919	1,663,351	5,012,919	0	3,516,776	1,087,483	3,516,776	0	0	0	0	0
Federal Revenue	2,440,415	873,261	2,704,415	264,000	920,334	515,673	1,020,334	100,000	710,481	150,907	710,481	0	809,600	206,681	973,600	164,000	0	0	0	0
Other State Revenue	2,761,254	744,305	2,761,254	0	968,992	394,855	968,992	0	964,555	165,274	964,555	0	827,707	184,176	827,707	0	0	0	0	0
Donations & Grants	756,729	256,990	715,500	0	7,500	4,890	7,500	0	7,500	2,100	7,500	0	200,500	0	200,500	0	500,000	250,000	500,000	0
Other Revenue	110,929	19,217	110,929	0	48,729	11,705	48,729	0	20,000	25	20,000	0	15,200	623	15,200	0	27,000	6,864	27,000	0
CMO Management Fees	2,072,137	690,713	2,072,137	0													2,072,137	690,713	2,072,137	0
REVENUE	21,569,964	6,967,274	21,833,964	264,000	6,885,589	2,559,078	6,985,589	100,000	6,715,455	1,981,657	6,715,455	0	5,369,783	1,478,963	5,533,783	164,000	2,599,137	947,576	2,599,137	0
EXPENDITURES:																				
Salaries	11,353,655	5,021,240	11,353,655	0	3,605,210	1,565,401	3,605,210	0	3,668,875	1,580,989	3,668,875	0	2,562,689	1,105,073	2,562,689	0	1,516,881	769,777	1,516,881	0
Benefits & Taxes	2,905,672	1,359,984	2,905,672	0	886,550	444,947	886,550	0	874,290	434,108	874,290	0	684,740	267,708	684,740	0	460,092	213,221	460,092	0
Books & Supplies	1,358,654	1,148,510	1,623,650	264,996	549,104	433,045	650,000	100,896	370,250	224,042	370,250	0	360,900	445,207	525,000	164,100	78,400	46,216	78,400	0
Services & Other Operating Expense	3,112,200	1,291,885	3,112,200	0	744,212	310,002	744,212	0	915,919	356,889	915,919	0	1,064,652	410,126	1,064,652	0	387,417	214,868	387,417	0
CMO Management Fees	2,072,138	690,713	2,072,138	0	772,605	257,535	772,605	0	782,809	260,936	782,809	0	516,724	172,241	516,724	0				0
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENDITURES	20,802,319	9,512,332	21,067,315	264,996	6,557,681	3,010,930	6,658,577	100,896	6,612,143	2,856,964	6,612,143	0	5,189,705	2,400,355	5,353,805	164,100	2,442,790	1,244,082	2,442,790	0
REVENUE LESS EXPENDITURES	767,645	(2,545,058)	766,649	(996)	327,908	(451,852)	327,012	(896)	103,312	(875,307)	103,312	0	180,078	(921,392)	179,978	(100)	156,347	(296,506)	156,347	0
GAAP Adjustments:																				
Revenue Less Expenditures	767,645	(2,545,058)	766,649	(996)	327,908	(451,852)	327,012	(896)	103,312	(875,307)	103,312	0	180,078	(921,392)	179,978	(100)	156,347	(296,506)	156,347	0
Add back Capita Outlay to Net income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtract Depreciation Expense	(67,000)	(67,000)	(69,000)	0	(35,000)	(35,000)	(35,000)	0	(17,000)	(17,000)	(17,000)	0	(15,000)	(15,000)	(15,000.00)	0	0	0	0	0
Net income - GAAP Basis 2020-21	700,645	(2,612,058)	699,649	(996)	292,908	(486,852)	292,012	(896)	86,312	(892,307)	86,312	0	165,078	(936,392)	164,978	(100)	156,347	(296,506)	156,347	0
Beginning Net Assets @ 6/30/20	6,170,317	6,170,317	6,170,317		2,442,089	2,442,089	2,442,089		2,476,603	2,476,603	2,476,603		420,594	420,594	420,594		831,031	831,031	831,031	
Net Income - GAAP Basis 2020-21	700,645	(2,612,058)	699,649		292,908	(486,852)	292,012		86,312	(892,307)	86,312		165,078	(936,392)	164,978		156,347	(296,506)	156,347	
Ending Net Assets @ 6/30/21	6,870,962	3,558,259	6,869,966		2,734,997	1,955,237	2,734,101		2,562,915	1,584,296	2,562,915		585,672	(515,798)	585,572		987,378	534,525	987,378	

Navigator Schools - Financial Data

December 31, 2021

<u>Attendance and Enrollment Data</u>	<u>Total</u>	<u>GPS</u>	<u>HPS</u>	<u>WPS</u>
2021-22 ADA - Approved Budget	1342.3	518.4	518.4	305.5
2021-22 ADA	1310.0	512.0	507.7	290.33
2021-22 ADA %- Approved Budget	95.5%	96.0%	96.0%	94%
2021-22 ADA %	94.5%	95.4%	94.4%	93%
2021-22 Enrollment - Approved Budget	1405.0	540.0	540.0	325
2021-22 Enrollment	1387.0	537.0	538.0	312



	<u>Actual</u>
Cash balance as of 12/31/21	4,717,733
Projected Annual Expenditures (not including CMO Mgmt Fees)	18,995,177
Number of Months Cash on Hand	2.98

Coversheet

2020-21 Audit Report

Section: II. Business and Finance
Item: B. 2020-21 Audit Report
Purpose: Discuss
Submitted by:
Related Material: Navigator Governance Letter Draft v02-06.pdf
Navigator FS Draft v02-06 (1).pdf

Board of Navigator Schools
Gilroy, California

We have audited the consolidated financial statements of Navigator Schools as of and for the year ended June 30, 2021, 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 *2020-2021 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.

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 consolidated financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021.

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 consolidated financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the consolidated 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 consolidated statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the consolidated 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

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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 consolidated 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 consolidated financial statements, on which we were engaged to report in relation to the consolidated 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 consolidated financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated 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, 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 consolidated 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

Draft - For Discussion Only

**NAVIGATOR SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

OPERATING:

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

Draft - For Discussion Only

**NAVIGATOR SCHOOLS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE	16
SCHEDULE OF INSTRUCTIONAL TIME	18
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS	19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	20
NOTES TO SUPPLEMENTARY INFORMATION	21
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 <i>GOVERNMENT AUDITING STANDARDS</i>	22
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE	24
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE	26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	29
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	30

INDEPENDENT AUDITORS' REPORT

Board of Directors
Navigator Schools
Gilroy, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Navigator Schools (Navigator), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

(1)

Board of Directors
Navigator Schools

Opinion

In our opinion, the consolidated financial statements referred to on page 1 present fairly, in all material respects, the financial position of Navigator as of June 30, 2021, 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 consolidated financial statements as a whole. The accompanying schedules of the CMO, Gilroy Prep, Hollister Prep, Watsonville Prep, 407 Main Street, LLC, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

NAVIGATOR SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	Navigator Schools					Eliminations	Total
	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	407 Main St. LLC		
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 4,120,558	\$ -	\$ -	\$ -	\$ 3,885,620	\$ -	\$ 8,006,178
Accounts Receivable	1,383,481	2,650,102	2,504,686	1,876,845	31,663	(3,844,706)	4,602,071
Prepaid Expenses and Other Assets	3,053	169,664	137,037	206,195	-	-	515,949
Total Current Assets	5,507,092	2,819,766	2,641,723	2,083,040	3,917,283	(3,844,706)	13,124,198
LONG-TERM ASSETS							
Property, Plant, and Equipment, Net	37	222,097	161,941	600,418	3,067,418	-	4,051,911
Total Assets	\$ 5,507,129	\$ 3,041,863	\$ 2,803,664	\$ 2,683,458	\$ 6,984,701	\$ (3,844,706)	\$ 17,176,109
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 2,582,456	\$ 741,450	\$ 627,189	\$ 1,610,158	\$ 138,870	\$ (3,844,706)	\$ 1,855,417
Deferred Revenue	-	244,106	163,926	70,136	-	-	478,168
Notes Payable, Current Portion	31,251	-	-	31,251	-	-	62,502
Total Current Liabilities	2,613,707	985,556	791,115	1,711,545	138,870	(3,844,706)	2,396,087
LONG-TERM LIABILITIES							
Notes Payable	92,706	-	-	273,496	7,049,211	-	7,415,413
Deferred Rent	-	-	-	-	528,665	-	528,665
Total Long-Term Liabilities	92,706	-	-	273,496	7,577,876	-	7,944,078
Total Liabilities	2,706,413	985,556	791,115	1,985,041	7,716,746	(3,844,706)	10,340,165
NET ASSETS							
Without Donor Restrictions	2,800,716	2,056,307	2,012,549	698,417	(732,045)	-	6,835,944
Total Net Assets	2,800,716	2,056,307	2,012,549	698,417	(732,045)	-	6,835,944
Total Liabilities and Net Assets	\$ 5,507,129	\$ 3,041,863	\$ 2,803,664	\$ 2,683,458	\$ 6,984,701	\$ (3,844,706)	\$ 17,176,109

See accompanying Notes to Consolidated Financial Statements.

(3)

**NAVIGATOR SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Navigator Schools						Total
	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	407 Main St. LLC	Eliminations	
WITHOUT DONOR RESTRICTIONS:							
REVENUES							
State Revenue:							
State Apportionment	\$ -	\$ 2,294,723	\$ 3,452,054	\$ 2,310,576	\$ -	\$ -	\$ 8,057,353
Other State Revenue	-	548,514	630,507	303,361	-	-	1,482,382
Federal Revenue:							
Grants and Entitlements	-	1,094,652	703,217	1,250,171	-	-	3,048,040
Local Revenue:							
In-Lieu Property Tax Revenue	-	2,415,479	1,372,871	32,311	-	-	3,820,661
Forgiveness of Notes Payable	1,765,000	-	-	-	-	-	1,765,000
Contributions	878,445	401	10	386,394	-	-	1,265,250
Other Revenue	1,704,540	36,582	26,786	16,495	878	(1,679,180)	106,101
Total Revenues	4,347,985	6,390,351	6,185,445	4,299,308	878	(1,679,180)	19,544,787
EXPENSES							
Program Services	342,592	5,173,687	4,988,258	3,090,212	557,929	-	14,152,678
Management and General	2,035,708	1,134,842	1,129,548	723,475	174,994	(1,679,180)	3,519,387
Total Expenses	2,378,300	6,308,529	6,117,806	3,813,687	732,923	(1,679,180)	17,672,065
CHANGE IN NET ASSETS	1,969,685	81,822	67,639	485,621	(732,045)	-	1,872,722
Net Assets - Beginning of Year	831,031	1,974,485	1,944,910	212,796	-	-	4,963,222
NET ASSETS - END OF YEAR	<u>\$ 2,800,716</u>	<u>\$ 2,056,307</u>	<u>\$ 2,012,549</u>	<u>\$ 698,417</u>	<u>\$ (732,045)</u>	<u>\$ -</u>	<u>\$ 6,835,944</u>

Commented [L1]: Question to Ami:
Interest for bond on LLC – should this be capitalized?

See accompanying Notes to Consolidated Financial Statements.

(4)

**NAVIGATOR SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Navigator Schools					Total
	CMO	Gilroy Prep	Hollister Prep	Watsonville Prep	407 Main St. LLC	
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 1,969,685	\$ 81,822	\$ 67,639	\$ 485,621	\$ (732,045)	\$ 1,872,722
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:						
Depreciation	-	52,625	28,112	5,794	-	86,531
Forgiveness of Notes Payable	(1,765,000)	-	-	-	-	(1,765,000)
(Increase) Decrease in Assets:						
Accounts Receivable	(1,046,553)	(1,181,761)	(689,433)	(1,462,053)	(31,663)	(4,411,463)
Prepaid Expenses and Other Assets	6,010	(138,525)	(104,336)	(152,814)	-	(389,665)
Increase (Decrease) in Liabilities:						
Accounts Payable and Accrued Liabilities	1,068,274	436,554	231,114	1,196,344	138,870	3,071,156
Deferred Revenue	-	244,106	163,926	70,136	-	478,168
Deferred Rent	-	-	-	-	528,665	528,665
Net Cash Provided (Used) by Operating Activities	232,416	(505,179)	(302,978)	143,028	(96,173)	(528,886)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property, Plant, and Equipment	(37)	(27,898)	(13,440)	(323,531)	(3,067,418)	(3,432,324)
Net Cash Used by Investing Activities	(37)	(27,898)	(13,440)	(323,531)	(3,067,418)	(3,432,324)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Notes Payable	-	-	-	155,814	7,049,211	7,205,025
Repayments of Notes Payable	(26,043)	-	-	(26,042)	-	(52,085)
Net Cash Provided by Financing Activities	(26,043)	-	-	129,772	7,049,211	7,152,940
CHANGE IN CASH AND CASH EQUIVALENTS	206,336	(533,077)	(316,418)	(50,731)	3,885,620	3,191,730
Cash and Cash Equivalents - Beginning of Year	3,914,222	533,077	316,418	50,731	-	4,814,448
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,120,558	\$ -	\$ -	\$ -	\$ 3,885,620	\$ 8,006,178

Commented [L2]: Question for Ami:
Is \$37 purchase correct? Capitalization policy is \$5,000

See accompanying Notes to Consolidated Financial Statements.

(5)

**NAVIGATOR SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services	Management and General	Eliminations	Total Expenses
Salaries and Wages	\$ 8,313,991	\$ 1,750,551	\$ -	\$ 10,064,542
Pension Expense	643,865	90,229	-	734,094
Other Employee Benefits	1,075,129	207,391	-	1,282,520
Payroll Taxes	334,121	78,062	-	412,183
Management Fees	-	286,063	-	286,063
Legal Expenses	-	71,856	-	71,856
Accounting Expenses	-	53,555	-	53,555
Instructional Materials	183,791	-	-	183,791
Other Fees for Services	402,586	1,844,618	(1,679,180)	568,024
Advertising and Promotion Expenses	-	13,708	-	13,708
Office Expenses	279,640	175,514	-	455,154
Information Technology Expenses	1,229,302	96,203	-	1,325,505
Occupancy Expenses	753,890	86,867	-	840,757
Travel Expenses	17,095	23,952	-	41,047
Interest Expense	-	171,787	-	171,787
Depreciation Expense	-	86,531	-	86,531
Insurance Expense	-	45,022	-	45,022
Other Expenses	919,268	116,658	-	1,035,926
Subtotal	14,152,678	5,198,567	(1,679,180)	17,672,065
Eliminations	-	(1,679,180)	1,679,180	-
Total Functional Expenses	\$ 14,152,678	\$ 3,519,387	\$ -	\$ 17,672,065

See accompanying Notes to Consolidated Financial Statements.
(6)

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Navigator Schools (Navigator Schools) 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 Schools 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.

In January 2021, 407 Main Street, LLC (the LLC) was created for the exclusive purpose to hold title to property. The LLC is a single member limited liability company, where Navigator Schools is the single member.

Principles of Consolidation

The consolidated financial statements include the accounts of Navigator Schools and the LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "Navigator".

Basis of Accounting

The consolidated 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.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited. The consolidated 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 Benefits, Payroll Taxes, and Pension which are allocated based on 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.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021. 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.

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.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when Navigator has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statement of financial position. As of June 30, 2021, Navigator has conditional grants of \$4,217,986 of which \$1,006,833 is recognized as deferred revenue in the consolidated statement of financial position.

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.

(9)

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

407 Main Street, LLC is considered disregarded and therefore exempt from the payment of income taxes. Additionally, the LLC has been granted exemption from the California state LC fee under the California Revenue and Taxation Code.

Evaluation of Subsequent Events

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

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 \$12,608,249.

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.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$86,531 for the year ended June 30, 2021.

The components of property, plant, and equipment as of June 30, 2021 are as follows:

	CMO	407 Main St. LLC	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
Land Improvements	-	-	\$ 214,247	\$ 31,184	-	\$ 245,431
Equipment, Furniture and Fixtures	37	10	358,558	247,136	28,972	634,713
Construction in Progress	-	3,067,408	-	-	579,013	3,646,421
Total	37	3,067,418	572,805	278,320	607,985	4,526,565
Less: Accumulated Depreciation	-	-	(350,708)	(116,379)	(7,567)	(474,654)
Total Property, Plant, and Equipment	37	\$ 3,067,418	\$ 222,097	\$ 161,941	\$ 600,418	\$ 4,051,911

NOTE 5 DEBT

CDE Loan:

On August 29, 2019, Navigator entered into a Charter School Revolving Loan (CDE 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 outstanding balance on the CDE loan as of June 30, 2021 was \$197,915.

Paycheck Protection Program Loan:

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.

In May 2021, the principal amount of \$1,765,000 was forgiven by the financial institution and U.S. Small Business Administration.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Navigator's financial position.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 DEBT (CONTINUED)

PCSD Loan:

In January 2021, Navigator converted their promissory note with Pacific Charter School Development (PCSD Loan), a nonprofit organization, into a loan for \$1,400,000 for the Watsonville Prep Construction. The loan bears an interest rate of 1.000% and matures in December 2027 on which date a balloon payment will be made. The outstanding balance on the PCSD loan as of June 30, 2021 was \$1,400,000.

Civic Loan:

In January 2021, the LLC entered into a loan agreement with Civic Builders, LLC (Civic Loan) to fund the rehabilitation, renovation, and construction of improvements to the leased premises at 407 Main Street, to house the Watsonville Charter School facility. The aggregate principal amount of the loan is \$5,880,000 and contains two notes. Note A for the amount of \$4,664,242 at 5.0995% interest is due in full on December 31, 2027. Note B for the amount of \$1,215,758 at 5.0995% interest is due in full on January 1, 2051. The outstanding balance on Civic loan as of June 30, 2021 is \$5,880,000.

Low Income Investment Fund Loan:

In January 2021, the LLC obtained a promissory note from the Low Income Investment Fund (LIIF Loan) up to the amount of \$1,545,758, which will be available once the revolving loan matures. As of June 30, 2021, there was no borrowing against this loan.

Future maturities under notes payable are as follows:

<u>Year Ended June 30,</u>	<u>CDE Loan</u>	<u>PCSD Loan</u>	<u>Civic Loan</u>	<u>Total</u>
2022	\$ 62,502	\$ -	\$ -	\$ 62,502
2023	62,502	-	-	62,502
2024	72,911	-	-	72,911
2025	-	-	-	-
2026	-	-	-	-
Thereafter	-	1,400,000	5,880,000	7,280,000
	<u>\$ 197,915</u>	<u>\$ 1,400,000</u>	<u>\$ 5,880,000</u>	<u>\$ 7,477,915</u>

NOTE 6 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year ending June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose in the amount of \$163,000 for the Watsonville School Program.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 COMMITMENTS AND OPERATING LEASES

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 supervisory oversight fees at 3% of Navigator's general purpose entitlement and categorical block grants. The supervisory oversight fees recorded for the year ended June 30, 2021 were \$141,167.

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 supervisory oversight fees recorded for the year ended June 30, 2021 were \$144,896.

In July 2020, the LLC entered into an operating lease with a third-party lessor. The lessor offered free rent for the first year, then escalating monthly payments of \$8,333 starting in July 2021 through June 2051. The LLC recorded the difference between the cash basis and straight-line deferred rent in the deferred rent liability. The minimum lease payments are as follows:

<u>Year Ended June 30.</u>	<u>Total</u>
2022	\$ 100,000
2023	200,000
2024	280,000
2025	320,000
2026	460,000
Thereafter	15,028,617
	<u>\$ 16,388,617</u>

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.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 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, 2020 total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. Navigator Schools 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 10.21% of their salary. Navigator Schools 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. The required employer contribution rate for year ended June 30, 2021 was 16.15% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2019	\$ 670,287	100%
2020	\$ 886,472	100%
2021	\$ 878,941	100%

NOTE 9 CHARTER MANAGEMENT ORGANIZATION

Navigator charges CMO fees of \$1,679,180 to each charter for management services performed during the year. Navigator (Gilroy Prep) paid CMO fees of \$661,517 for the year ended June 30, 2021. Navigator (Hollister Prep) paid CMO fees of \$687,075 for the year ended June 30, 2021. Navigator (Watsonville Prep) paid CMO fees of \$330,588 for the year ended June 30, 2021. These fees were eliminated in the consolidated financial statements.

**NAVIGATOR SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

In prior 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 2022 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.

Draft - For Discussion Only

SUPPLEMENTARY INFORMATION

Draft - For Discussion Only

**NAVIGATOR SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

Navigator Schools 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 Schools began serving students at Gilroy Prep in August 2011 and the charter school is sponsored by the Gilroy Unified School District. Gilroy Prep charter school number authorized by the state: 1278

Navigator Schools began serving students at Hollister Prep in August 2013 and the charter school is sponsored by the Hollister Unified School District. Hollister Prep charter school number authorized by the state: 1507

Navigator Schools began serving students at Watsonville Prep in August 2019 and the charter school is sponsored by State Board of Education - Watsonville Prep. Watsonville Prep charter school number authorized by the state: 2032

Draft - For Discussion Only

See accompanying Notes to Supplementary Information

(16)

**NAVIGATOR SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

The board of directors and the administrators as of the year ended June 30, 2021 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires
John Flaherty	Chair	March 22, 2022
Nora Crivello	Secretary	June 3, 2022
Victor Paredes-Colonia	Finance Committee Chair	February 27, 2023
JP Anderson	Member	June 3, 2022
Ian Connell	Member	June 16, 2022
Chuck Daggs	Member	April 19, 2023
Shara Hegde	Member	April 19, 2023
Dena Koren	Member	April 19, 2023
Fiaau Ohmann	Member	March 22, 2022
Caitrin Wright	Member	March 2, 2021

ADMINISTRATORS

Kevin Sved	Chief Executive Officer
------------	-------------------------

Draft - For Discussion Only

See accompanying Notes to Supplementary Information

(17)

**NAVIGATOR SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	Traditional Calendar Days	Status
<u>Gilroy Prep:</u>		
Kindergarten	177	In Compliance
Grade 1	177	In Compliance
Grade 2	177	In Compliance
Grade 3	177	In Compliance
Grade 4	177	In Compliance
Grade 5	177	In Compliance
Grade 6	177	In Compliance
Grade 7	177	In Compliance
Grade 8	177	In Compliance
<u>Hollister Prep:</u>		
Kindergarten	177	In Compliance
Grade 1	177	In Compliance
Grade 2	177	In Compliance
Grade 3	177	In Compliance
Grade 4	177	In Compliance
Grade 5	177	In Compliance
Grade 6	177	In Compliance
Grade 7	177	In Compliance
Grade 8	177	In Compliance
<u>Watsonville Prep:</u>		
Kindergarten	177	In Compliance
Grade 1	177	In Compliance
Grade 2	177	In Compliance
Grade 3	177	In Compliance

Draft - For Discussion Only

See accompanying Notes to Supplementary Information

(18)

**NAVIGATOR SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Gilroy Prep</u>	<u>Hollister Prep</u>	<u>Watsonville Prep</u>
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 2,279,912	\$ 2,057,009	\$ 694,791
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	(1,334,194)	(778,941)	(310,597)
Accounts Receivable	1,717,617	1,061,820	198,166
Prepaid Expenses and Other Assets	1,795	(69)	-
Property, Plant, and Equipment, Net	222,097	161,941	293,902
Accounts Payable and Accrued Liabilities	(586,814)	(325,285)	(1,433,268)
Notes Payable, Current Portion	-	-	(31,251)
Deferred Revenue	(244,106)	(163,926)	(70,136)
Notes Payable	-	-	1,356,810
Net Adjustments and Reclassifications	<u>(223,605)</u>	<u>(44,460)</u>	<u>3,626</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,056,307</u>	<u>\$ 2,012,549</u>	<u>\$ 698,417</u>

Draft - For Discussion Only

See accompanying Notes to Supplementary Information

**NAVIGATOR SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Gilroy Prep	Hollister Prep	Watsonville Prep	Total
	Number	Number				
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	\$ 95,650	\$ 99,565	\$ 74,917	\$ 270,132
Title II, Improving Teacher Quality	84.367	14341	15,164	16,083	11,280	42,527
Title III, Limited English Proficiency	84.365	14346	17,846	23,795	14,272	55,913
Title IV, Student Support and Academic						
Enrichment	84.424	15391	10,000	10,000	10,000	30,000
Title V, Part B PCSGP	84.282A	N/A	-	24,067	368,148	392,215
Special Education Cluster -						
IDEA Basic Local Assistance	84.027	13379	71,025	71,686	22,220	164,931
COVID-19: Elementary and Secondary						
School Emergency Relief Fund (ESSER)	84.425	15536	217,362	124,600	89,376	431,338
COVID-19: Governor's Emergency						
Education Relief (GEER)	84.425C	15517	17,480	21,161	8,740	47,381
<i>Total U.S. Department of Education</i>			<u>444,527</u>	<u>390,957</u>	<u>598,953</u>	<u>1,434,437</u>
U.S. Department of Agriculture						
Pass-Through Program from						
California Department of Education:						
Child Nutrition Cluster:						
School Breakfast Program Especially						
National School Lunch Program	10.555	N/A	412,536	-	489,669	902,205
<i>Total U.S. Department of Agriculture</i>			<u>412,536</u>	<u>-</u>	<u>489,669</u>	<u>902,205</u>
U.S. Department of Treasury						
Pass-Through Program from						
California Department of Education:						
COVID-19: Coronavirus Relief Fund (CRF)	21.019	25516	237,589	312,260	161,549	711,398
<i>Total U.S. Department of Treasury</i>			<u>237,589</u>	<u>312,260</u>	<u>161,549</u>	<u>711,398</u>
Total Federal Expenditures			<u>\$ 1,094,652</u>	<u>\$ 703,217</u>	<u>\$ 1,250,171</u>	<u>\$ 3,048,040</u>

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

See accompanying Notes to Supplementary Information

(20)

**NAVIGATOR SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED CONSOLIDATED 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 consolidated financial statements.

NOTE 3 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, 2021. 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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 4 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.

**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

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 consolidated financial statements of Navigator Schools (Navigator), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

Draft - For Discussion Only

**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

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, 2021. 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, 2021.

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.

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

Board of Directors
Navigator Schools

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 *2020-2021 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, 2021. Navigator's state compliance requirements are identified in the table below.

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 *2020-2021 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:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Office of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes

Board of Directors
Navigator Schools

<u>Description</u>	<u>Procedures Performed</u>
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/ Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
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, 2021.

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 *2020-2021 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.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

Draft - For Discussion Only

**NAVIGATOR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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 no
 - Significant deficiency(ies) identified? _____ yes none reported
- 3. Noncompliance material to financial statements noted? _____ yes no

Federal Awards

- 1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified? _____ yes 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 no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
21.019	Coronavirus Relief Fund (CRF)

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes no

**NAVIGATOR SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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

<u>Five Digit Code</u>	<u>Finding Types</u>
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

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, 2021.

**NAVIGATOR SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

There were no findings and questioned costs related to the basic financial statements, federal, or state awards for the prior year.

Draft - For Discussion Only

(30)

Coversheet

2022-23 Budget Projections

Section: II. Business and Finance
Item: C. 2022-23 Budget Projections
Purpose: Discuss
Submitted by:
Related Material: 2022-23 Preliminary Budget.pdf



2022-23 Proposed Budget Narrative

Board of Directors Meeting

2022-23 Proposed Budget Narrative

	Net Income (GAAP)	Projected Beginning Fund Balance	Projected Ending Fund Balance
Gilroy Prep School (GPS)	303K	2.1M	2.4M
Hollister Prep School (HPS)	80K	2.0M	2.1M
Watsonville Prep School (WPS)	168K	698K	866K
Charter Management Organization (CMO)	27K	2.8M	2.8M
Total	578K	7.5M	8.1M

- GPS Proposed Budget
 - Using the latest Fiscal Crisis & Management Assistance Team (FCMAT) calculator for Local Control Funding Formula (LCFF) revenue for 540 students, which includes a COLA increase of 5.33%
 - ESSER II & III funding in the amount of \$500,000 has been added into the revenue
 - Includes 5% COLA increase for salaries
 - CalSTRS rate increase to 18.2% from 16.92%
 - Support Office management fee of 14% of LCFF

- HPS Proposed Budget
 - Using the latest Fiscal Crisis & Management Assistance Team (FCMAT) calculator for Local Control Funding Formula (LCFF) revenue or 540 students, which includes a COLA increase of 5.33%
 - ESSER II & III funding in the amount of \$630,000 has been added into the revenue
 - Includes 5% COLA increase for salaries
 - CalSTRS rate increase to 18.2% from 16.92%
 - Support Office management fee of 14% of LCFF



- WPS Proposed Budget
 - Using the latest Fiscal Crisis & Management Assistance Team (FCMAT) calculator for Local Control Funding Formula (LCFF) revenue for 385 students, which includes a COLA increase of 5.33%
 - ESSER II & III funding in the amount of \$200,000 has been added into the revenue
 - Donations & Grants total of \$57,700 compared to \$200,500 from 2021-22
 - Includes 5% COLA increase for salaries
 - CalSTRS rate increase to 18.2% from 16.92%
 - Support Office management fee of 14% of LCFF

- CMO Proposed Budget
 - Donations & Grants total is \$350,000 compared to \$500,000 from 2021-22. Management fees are as follows:
 - HPS - 14%
 - GPS - 14%
 - WPS - 14%
 - Includes 5% COLA increase for salaries
 - CalSTRS rate increase to 18.2% from 16.92%

Navigator Schools - 2022-23 Preliminary Budget															
				GPS			HPS			WPS			CMO		
	Total 2022-23	Board Approved	\$ Change	Board Approved	\$ Change		Board Approved	% Change		Board Approved	% Change		Board Approved	\$ Change	
	Prelim Budget	Budget		Prelim Budget	Budget		Prelim Budget	Budget		Prelim Budget	Budget		Prelim Budget	Budget	
	2022-23	2021-22		2022-23	2021-22		2022-23	2021-22		2022-23	2021-22		2022-23	2021-22	
<i>Enrollment Projection</i>	1465	1395		540	540	0.00%	540	540	0	385	315				
REVENUE:															
LCFF Revenue	14,951,647	13,469,729	\$1,481,918	5,321,402	4,940,034	\$381,368	5,212,243	5,012,919	\$199,324	4,418,002	3,516,776	\$901,226.00	0	0	
Federal Revenue	2,373,623	1,960,415	\$413,208	928,541	670,334	\$258,207	926,091	680,481	\$245,610	518,992	609,600	-\$90,608.00	0	0	
Other State Revenue	1,648,194	2,761,254	-\$1,113,060	488,215	968,992	-\$480,777	471,780	964,555	-\$492,775	688,198	827,707	-\$139,508.84	0	0	
Donations & Grants	422,700	715,500	-\$292,800	7,500	7,500	\$0	7,500	7,500	\$0	57,700	200,500	-\$142,800.00	350,000	500,000	-\$150,000
Other Revenue	115,004	110,929	\$4,075	49,304	48,729	\$575	20,000	20,000	\$0	18,700	15,200	\$3,500.00	27,000	27,000	\$0
CMO Management Fees	2,093,231	2,072,137	\$21,094						\$0				2,093,231	2,072,137	\$21,094
REVENUE	21,604,398	21,089,964	\$514,434	6,794,962	6,635,589	\$0	6,637,614	6,685,455	-\$47,841	5,701,592	5,169,783	\$531,809.16	2,470,231	2,599,137	-\$128,906
EXPENDITURES:															
Salaries	11,952,563	10,932,834	\$1,019,729	3,785,471	3,500,463	\$285,008	3,852,319	3,532,404	\$319,915	2,797,893	2,390,528	\$407,364.64	1,516,881	1,509,439	\$7,442
Benefits & Taxes	3,074,134	2,809,085	\$265,049	935,609	854,713	\$80,896	907,364	844,437	\$62,927	771,070	651,695	\$119,375.00	460,092	458,240	\$1,852
Books & Supplies	912,471	1,243,740	-\$331,269	355,386	554,750	-\$199,364	224,985	382,850	-\$157,865	253,700	227,740	\$25,960.00	78,400	78,400	\$0
Services & Other Operating Expen	2,994,261	3,245,328	-\$251,067	670,313	780,212	-\$109,899	844,169	939,918	-\$95,749	1,092,361	1,144,152	-\$51,790.58	387,417	381,046	\$6,371
CMO Management Fees	2,093,231	2,072,138	\$21,093	744,996	772,605	-\$27,608	729,714	782,809	-\$53,095	618,520	516,724	\$101,796.28	0	0	\$0
Capital Outlay	0	0	\$0	0	0	\$0	0	0	\$0	0	0	\$0.00	0	0	\$0
EXPENDITURES	21,026,660	20,303,125	\$723,535	6,491,775	6,462,743	\$29,032	6,558,550	6,482,418	\$76,133	5,533,544	4,930,839	\$602,705.34	2,442,790	2,427,125	\$15,665
REVENUE LESS EXPENDITURES	577,739	786,839		303,187	172,846		79,064	203,037		168,048	238,944		27,441	172,012	
Beginning Fund Balance	7,567,989			2,056,307			2,012,549			698,417			2,800,716		
Ending Fund Balance	8,145,728			2,359,494			2,091,613			866,465			2,828,157		