

# CALIFORNIA CONNECTIONS ACADEMY SCHOOLS

Governed by California Online Public Schools

## FINANCIAL REPORT

Submitted for August 2023

TO: Board of Directors

FROM: LaChelle Carter, Director of Finance

RE: Written Financial Report for CalCA Schools

DATE: August 30, 2023

### BACKGROUND

*This written update has been prepared to facilitate the flow of the board meeting by reducing the need for verbal reports. Board members are expected to review the written report which is part of their board packet. Questions or comments about anything in the report, or other related matters, are welcomed during the board meeting. In addition, board members can reach out with questions prior to the board meeting if needed.*

*If additional information comes up between the time the written report is submitted and the board meeting date, it will be provided verbally. This report will include information for all CalCA schools, and board members are reminded that they now have fiduciary responsibility for all schools the corporation operates.*

### FINANCIAL ITEMS:

#### Year End Financial Overview:

In closing the fiscal records for the 22-23 fiscal year, all six schools are able to settle all the "Due To" amounts between schools for payments made this school year. These transactions will be seen in the balance sheets of the financial reports shared during the next Board meeting. Likely, all schools were able to resolve their balances with PVS for invoices related to the Schedule of Agreement and pass thru expenses during the 22-23 school year. These amounts will be paid once the board approves the invoices attached to this board report.

Local, state, and federal revenues are being reviewed to confirm amounts match what is documented by the CDE and SELPA. If numbers do not align we will adjust as necessary. We anticipate very few if any adjustments and will give a report in the coming Board meetings.

Summarized in the chart below are some of the key financial aspects of the 22-23 fiscal year.

Item	Southern California	Ripon	Central	North Bay	Central Coast	Monterey Bay
Funded ADA compared to budget	EXACT	EXACT	EXACT	EXACT	EXACT	EXACT
Total Ending Revenue for 22-23	\$64,885,154	\$24,681,302	\$9,529,733	\$1,974,795	\$1,353,113	\$5,683,421
Total Expenses for 22-23	\$57,877,243	\$20,852,592	\$7,985,496	\$1,791,570	\$1,192,583	\$5,710,095
Ending Fund Balance for 22-23 (revenues less expenses)	\$7,007,911	\$3,828,710	\$1,544,238	\$183,225	\$160,530	-\$26,674
Cumulative Net Assets (Cumulative fund balance)	\$16,615,785	\$6,133,238	\$3,321,761	\$805,784	\$184,403	\$357,791
TOTAL Deficit Protection Credit	0	0	0	0	0	0

**Monthly Financial Reports:**

Previously, financials were reported through May 2023. The financial reports for June are included in this board package and bring the board up-to-date on the fiscal status of California Online Public Schools (CalOPS) and its charter schools through the end of the 2022-23 school year.

**Consolidated Financial Report:**

The consolidated financial report shows the overall fiscal picture for the California Online Public Schools (CalOPS) Corporation. This corporation encompasses California Connections Academy: Southern California, Central, Northern California, North Bay, Central Coast and Monterey Bay. This report has been reviewed and summarized below.

**Revenue**-California Online Public Schools are eligible for local, state and federal funding with the exception of Central Coast and Monterey Bay who were not eligible for federal funding under a “schoolwide basis”, based on the fact that the number of students enrolled that met the FREE or REDUCED lunch income requirements was still lower than 40% during the 2021-22 school year. Since, then, both schools exceed the 40% threshold, *based on the 2022-23 Fall 1 Census Data which accounts for: Enrollment counts, English language acquisition status, Immigrant Counts, Free/reduced-price meal-eligibility, and Special Education.* We are currently in the process of completing the application process so these two schools can receive Title I, II and IV funding for the 2023-24 school year.

As for most charter schools, our largest source of revenue is the Local Control Funding Formula (LCFF), which are unrestricted funds received through three channels, with the three elements known as the Principal Apportionment/State Aid, In-lieu of Property Taxes and Education Protection Account.

Our current federal funding includes:

- ERMHS- Funds apportioned to special education based primarily on a reimbursement model, with a cap per student. The purpose of these funds are to provide educational mental-health related services for students with or without an individualized education program(IEP), including out-of-home residential services for emotionally disturbed pupils. Some of these funds are state and some are federal. For the 2022-23 school year, the SELPA has moved to a new model which will simplify the way these funds are handled. These funds are now being paid based on the schools' ADA on a monthly basis and no longer require additional reporting to receive funds.
- Title I- Revenue is to ensure all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach minimum proficiency.
- Title II- Money to help increase the academic achievement of all students by funding programs that improve teacher and principal quality through professional development and other activities, and providing low-income and minority students greater access to effective teachers, principals, and other school leaders.
- Title IV- Designed to fund efforts that improve students' academic achievement through the operation of well-rounded educational programs, improvement of school conditions, health and safety initiatives, and improvement of technology and digital literacy.
- IDEA- Federal funding allocated for special education and related services. Based on special education enrollment totals along with enrollment and low income students considered in poverty counts.
- ESSER III- Funding for schools to help with expenses and the financial implications of COVID-19, particularly expanded learning opportunities, learning support tools and resources, and staff training. Expires in September 2024. *These funds are starting to be used this year. Some of the areas this revenue will be allocated to are staffing to address concerns related to COVID-19, COVID-19 testing and prevention supplies.*

Our current state funding includes:

- LCFF State Aid-monthly payments made to schools based on grade span counts and special populations such as English Language Learners, free and reduced lunch, foster and homeless counts. This is a large part of the school's revenue and consistent cash flow.
- LCFF Education Protection Account- funding provided to schools for general purpose state aid. These funds must be spent on instructional rather than administrative costs.
- Mandate Block Grant Reimbursement- restricted funding based on a formula using average daily attendance and designed to offset costs that schools spend on state mandated programs such as state testing.
- Educator Effectiveness Block Grant- One time funding to provide professional learning for teachers, administrators, paraprofessionals, and classified staff in order to promote

educator equity, quality, and effectiveness. These funds will be expended in accordance with the adopted plan over several years.

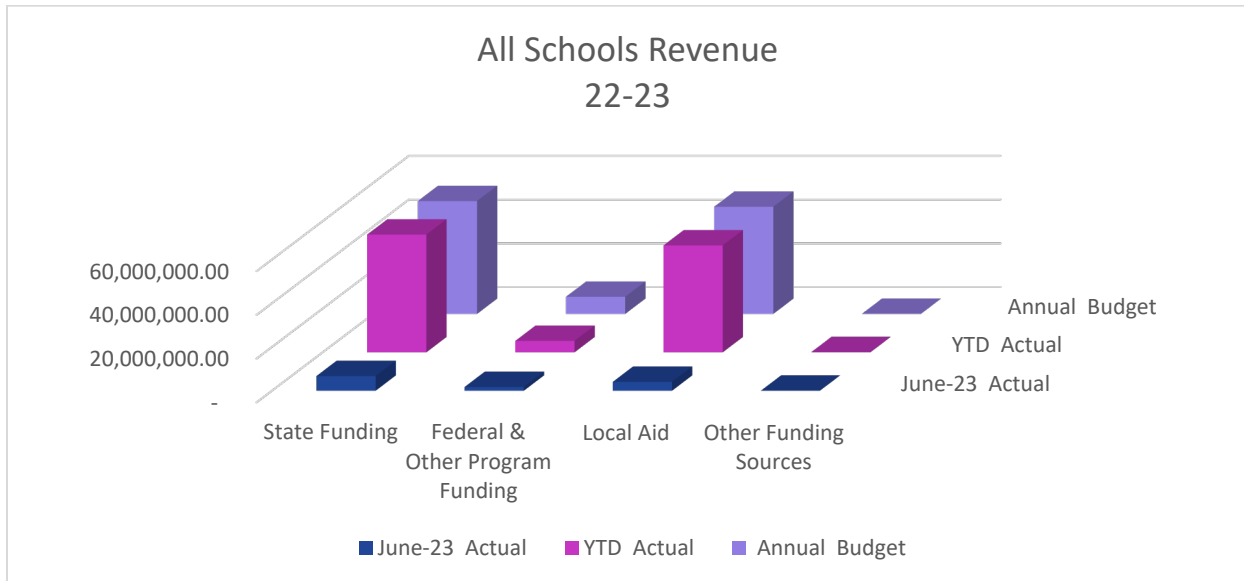
Our current local funding includes:

- LCFF Property Tax- The portion of taxes collected by the authorizing school district that must be transferred to the charter school serving that geographic location for the students that reside in that geographic location.
- Lottery- Quarterly payments, based on prior year average daily attendance. Funding is divided into restricted and unrestricted funds and must always be used exclusively for the education of students and can include instructional materials.
- E-RATE- Funding to assist with affordable high speed internet access and telecommunication services.

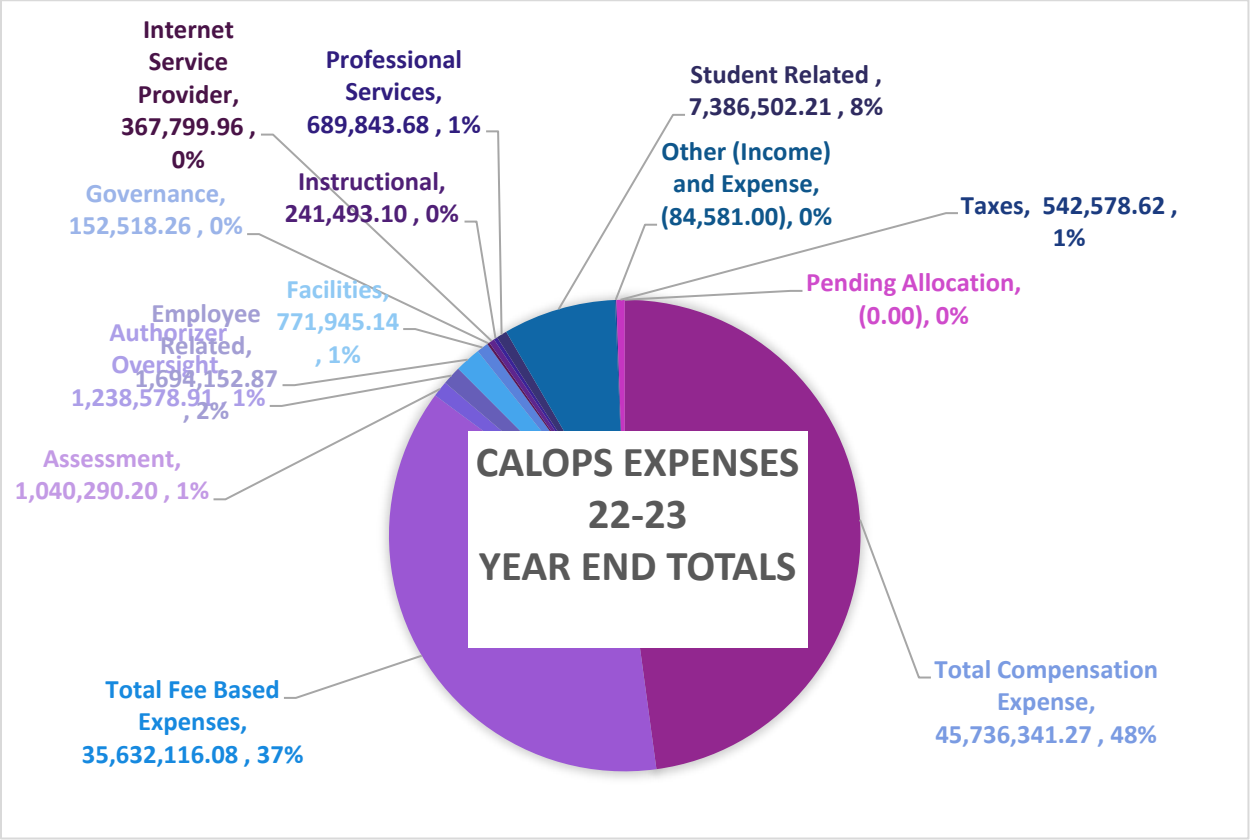
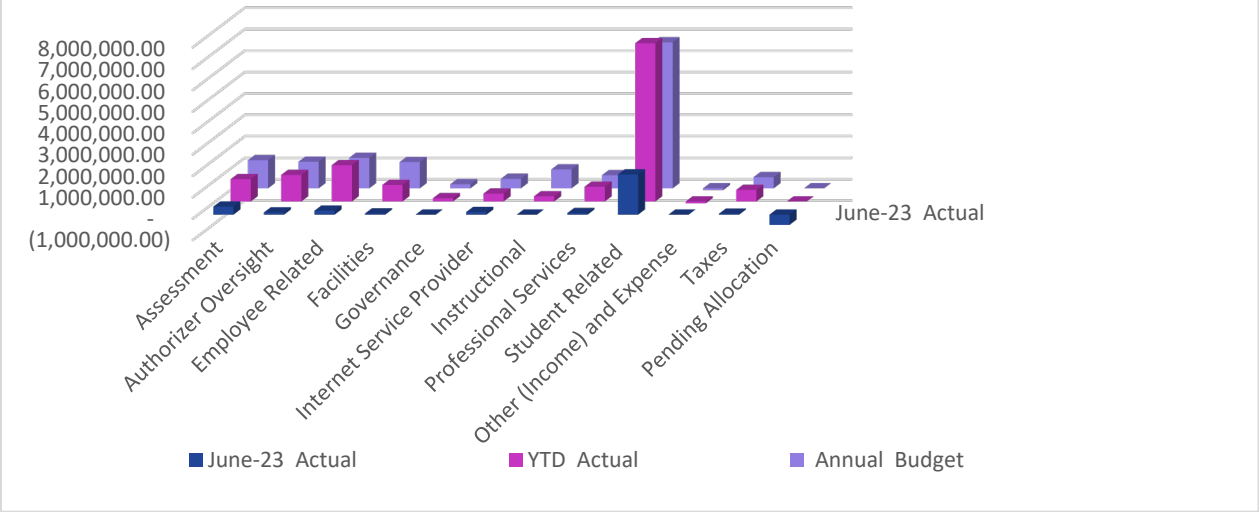
In the month of June, the schools received \$12,549,384 in revenue, making the year to date total \$108,107,518 (99% of the anticipated \$108,484,078 expected for the year). Please note yearly allocations can change throughout the year based on recalculations of enrollment and adjustments from the funding source.

**Expenses**- Expenditures for June totaled \$14,579,289 which puts our year to date spending at 96% of what was budgeted.

Below is a chart illustrating the usage of funds for the year for the CalOps organization as a whole.



### All Schools Expenses 22-23



**Balance Sheet:** The cash balance in all of our accounts at the June close was approximately \$42,098,965. All unsettled debt between the schools and PVS will be resolved with board approval of

the current PVS invoices after the August Board Meeting but before the September Board Meeting. Below are the planned payments for each school.

**Due to (From) PVS:**

Amount	School From	Month (s) Paid
\$187,982.38	C. Coast	Feb – June 2023
\$1,456,069.11	NorCal	May and June 2023
\$339,809.01	M. Bay	May and June 2023
\$102,668.09	N. Bay	May and June 2023
\$531,494.12	C. Valley	May and June 2023
\$6,440,522.10	SoCal	May and June 2023

**Due to (From) Payroll:**

Amount	School From	Month (s) Paid
\$3,972,646.88	NorCal	Payroll Feb – June 2023
\$642,643.47	C. Coast	Payroll May 2022- June 2023
\$145,255.61	N. Bay	Payroll May and June 2023
\$651,036.58	C. Valley	Payroll May and June 2023
\$481,453.43	M. Bay	Payroll May and June 2023

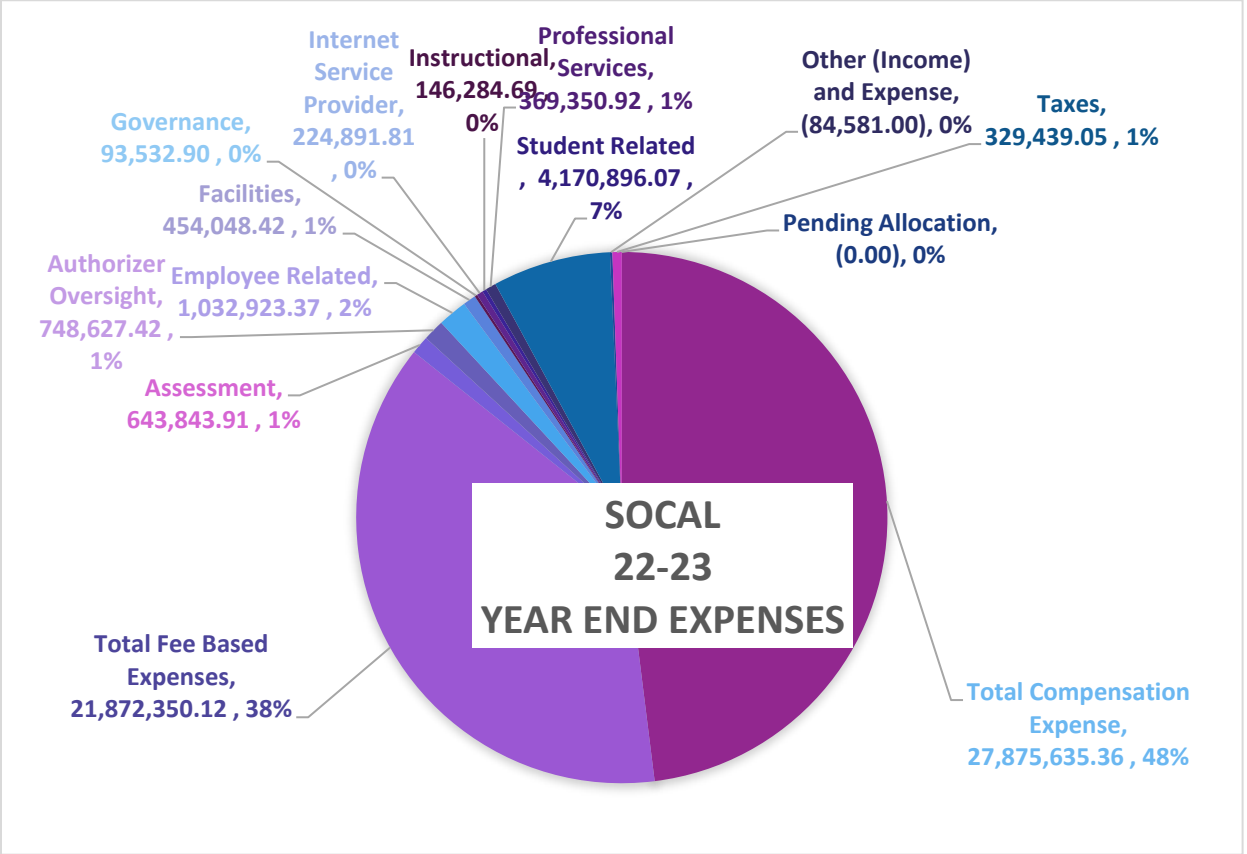
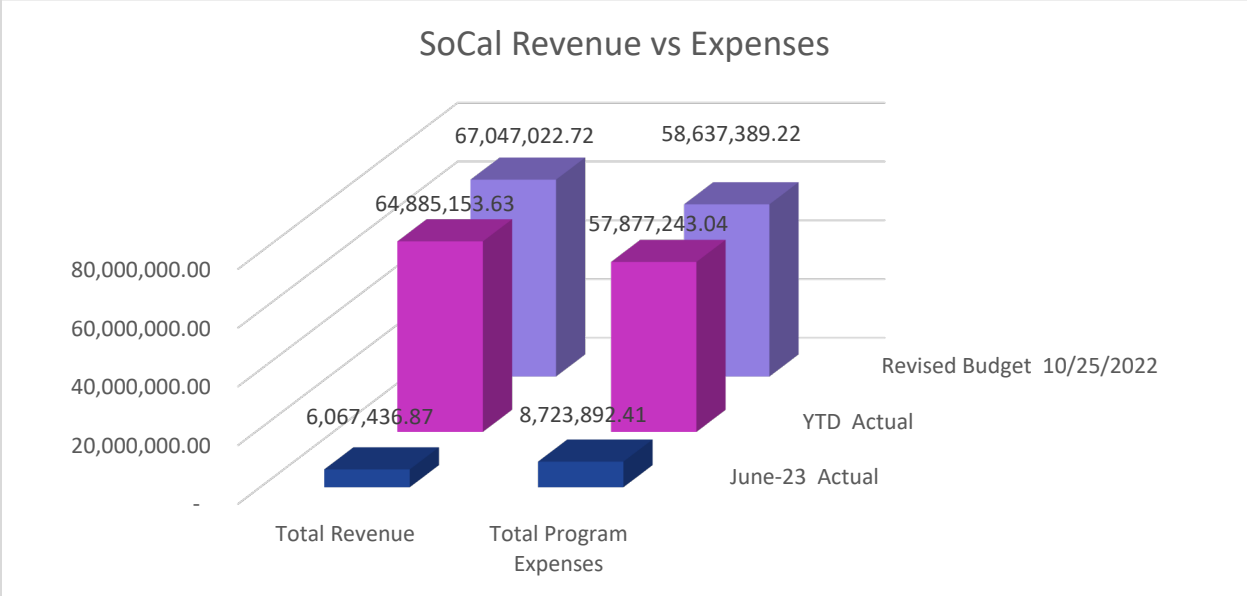
**Due to (From) Schools:**

Amount	School From	School To
\$254,814.39	SoCal	NorCal

\$271,337.47	SoCal	N. Bay
\$1,172.41	NorCal	M. Bay
\$32,728.00	NorCal	N. Bay
\$8,197.65	M. Bay	N. Bay
\$18.65	M. Bay	C. Coast
\$25,027.16	M. Bay	SoCal
\$518.13	M. Bay	NorCal
\$6,405.29	C. Coast	SoCal
\$2,613.71	C. Coast	N. Bay
\$964.38	C. Coast	NorCal
\$19,791.31	Central Valley	N. Bay
\$25.75	Central Valley	C. Coast
\$35,356.60	Central Valley	SoCal
\$5,019.63	Central Valley	NorCal

**Schools' Summary:**

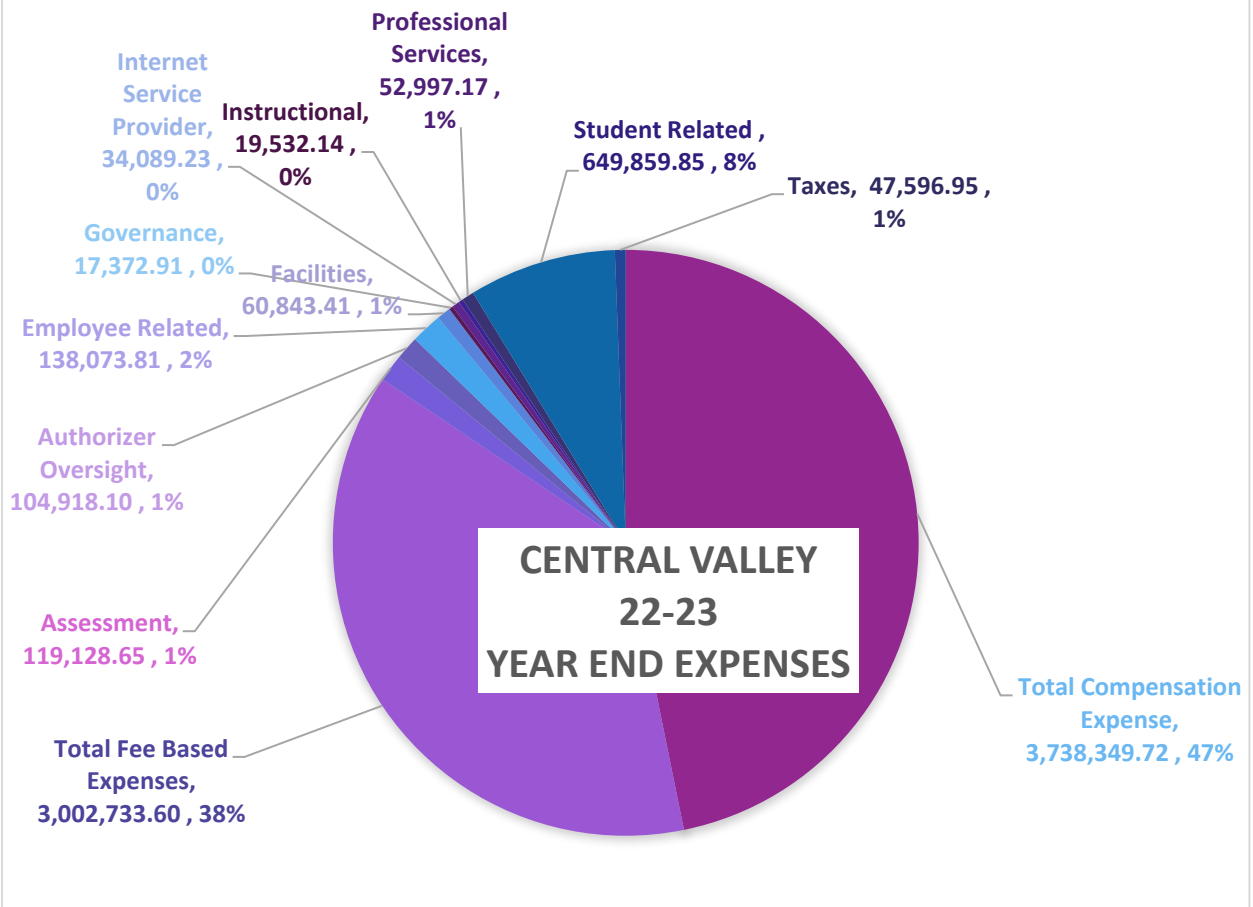
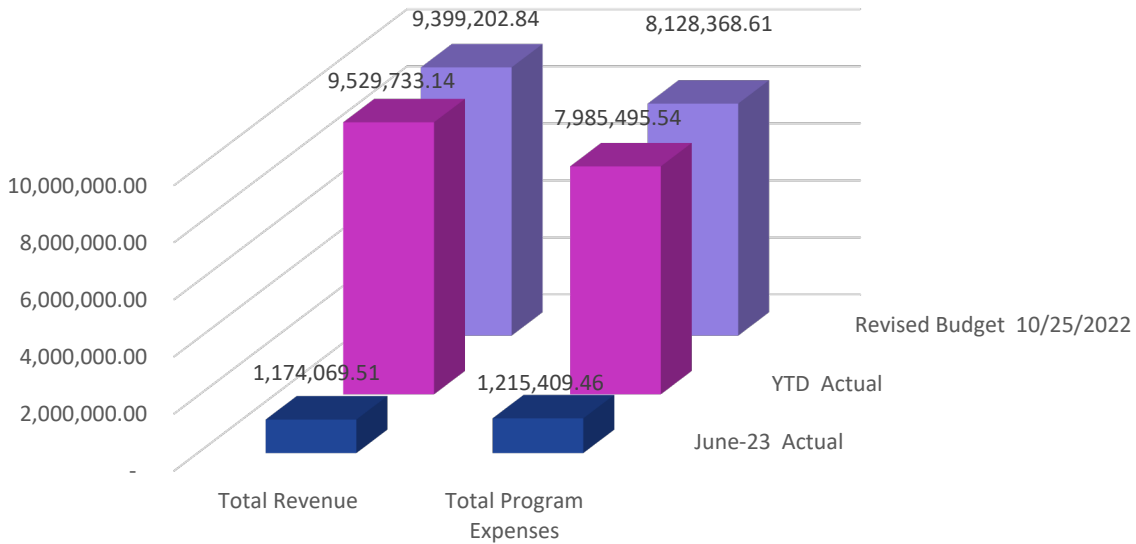
**SoCal-** During the month of June, SoCal received local and state funding that included LCFF State Aid, LCFF EPA, LCFF Property Tax, Lottery, Mandated Cost Grant, ERMHS, State Testing Reimbursements and SpED State. The SoCal expenses at the end of the year, June Close, ended at 99% of the amount budgeted.



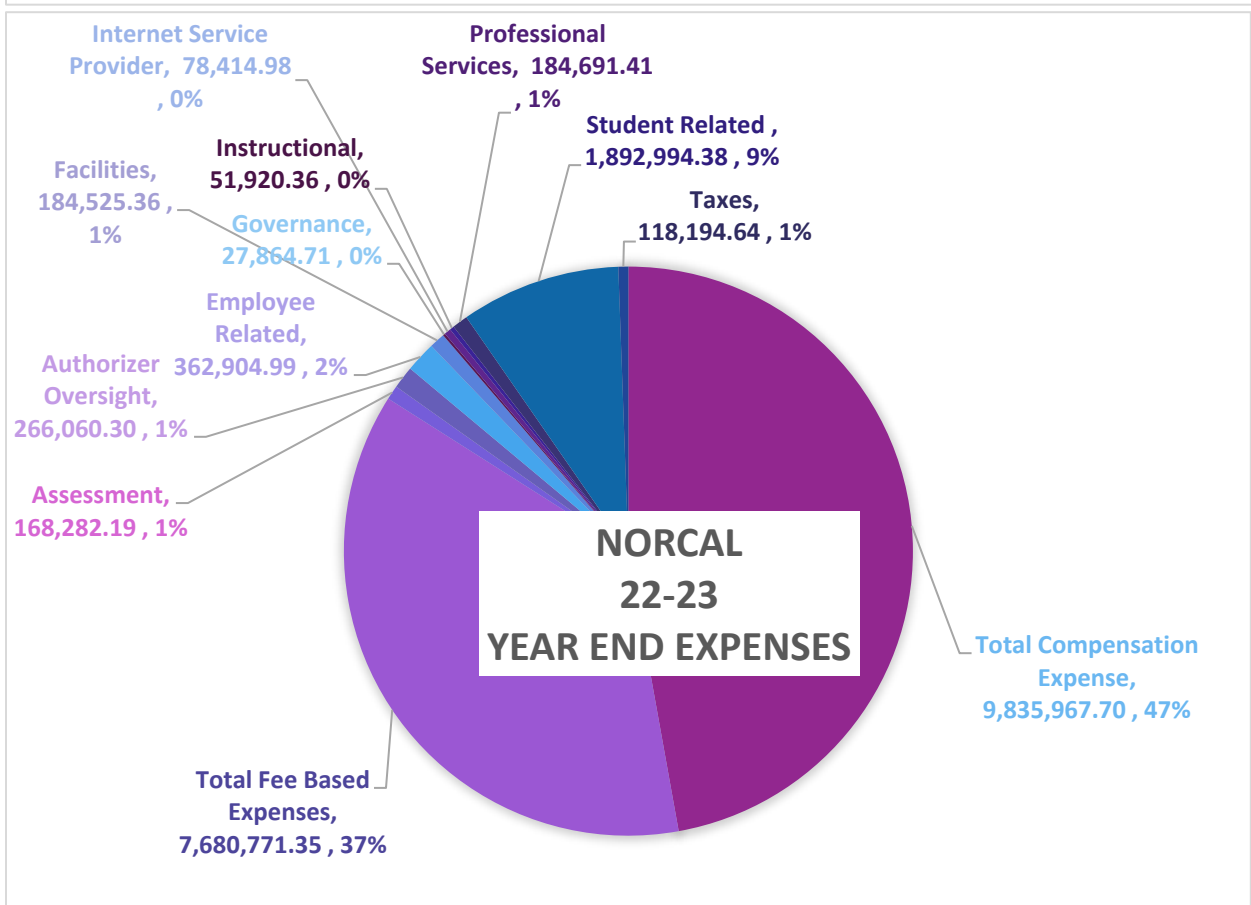
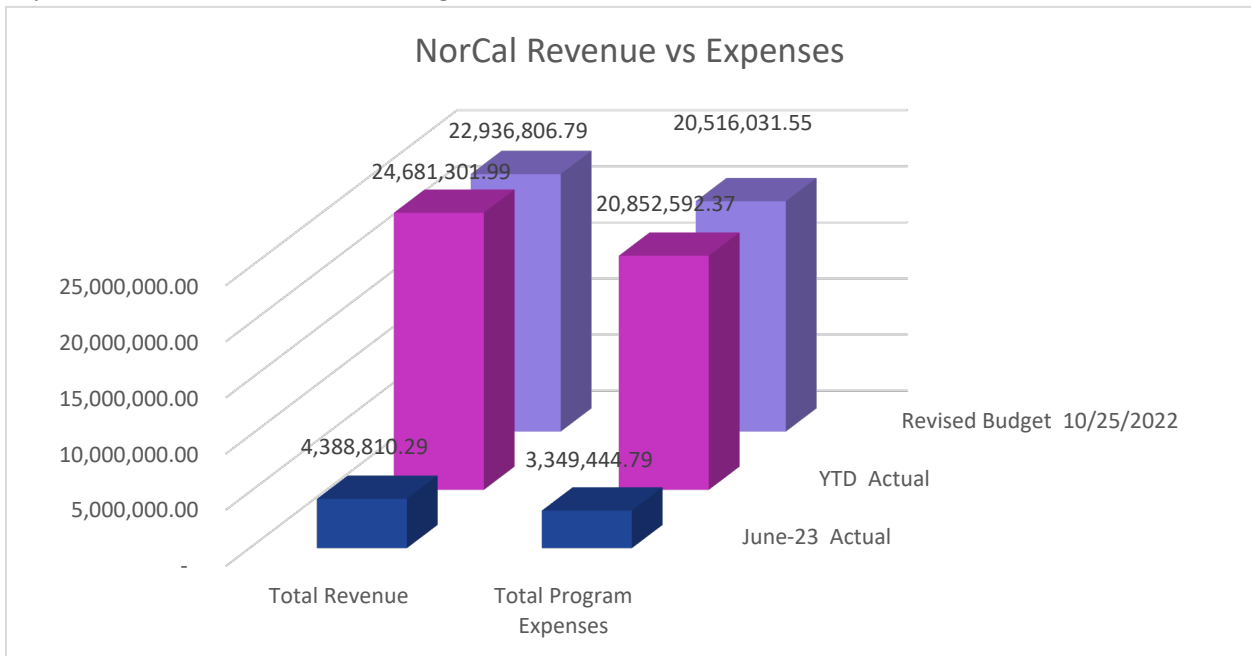
**Central Valley-** The revenue received by this school in June included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, LCFF Property Tax , ERMHS and SpED State. In all, the school has received 100% of their revenue for the year and has expenses 98% of their budget.



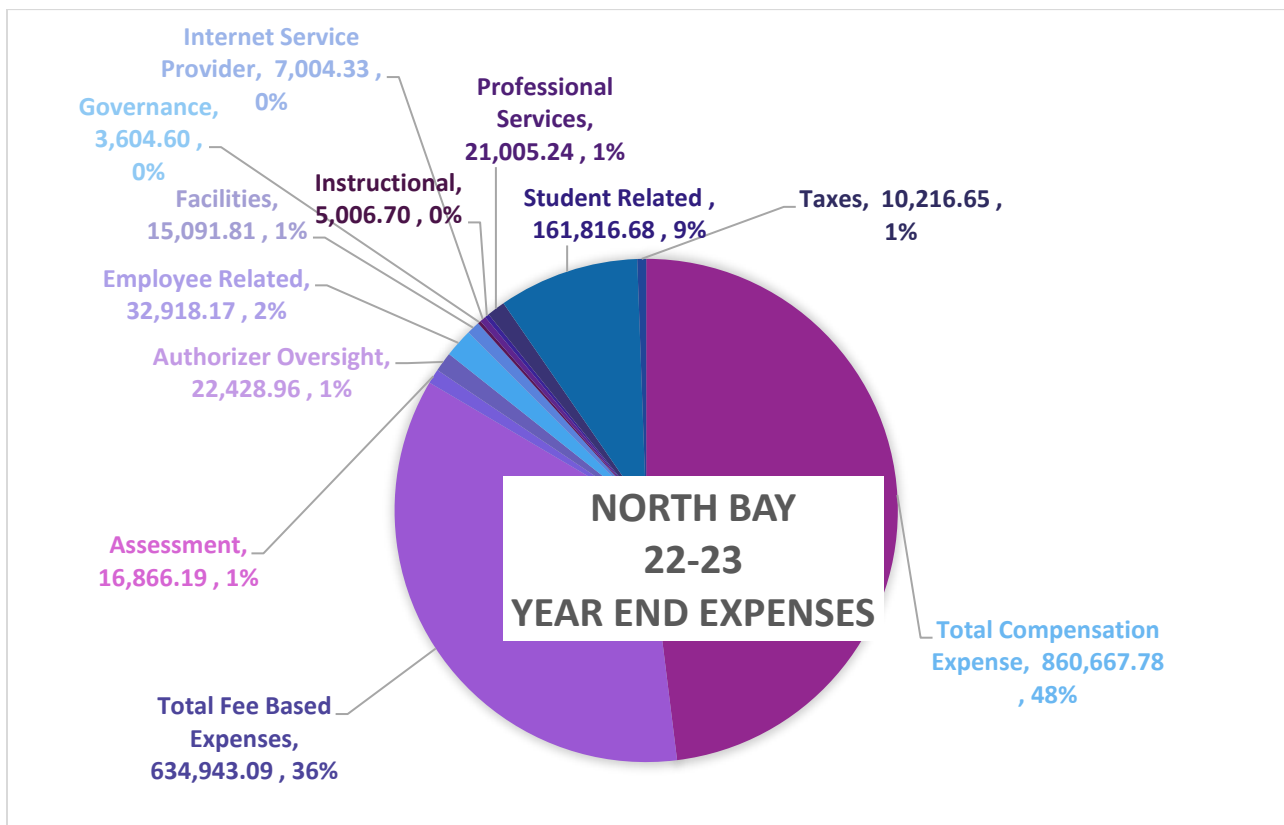
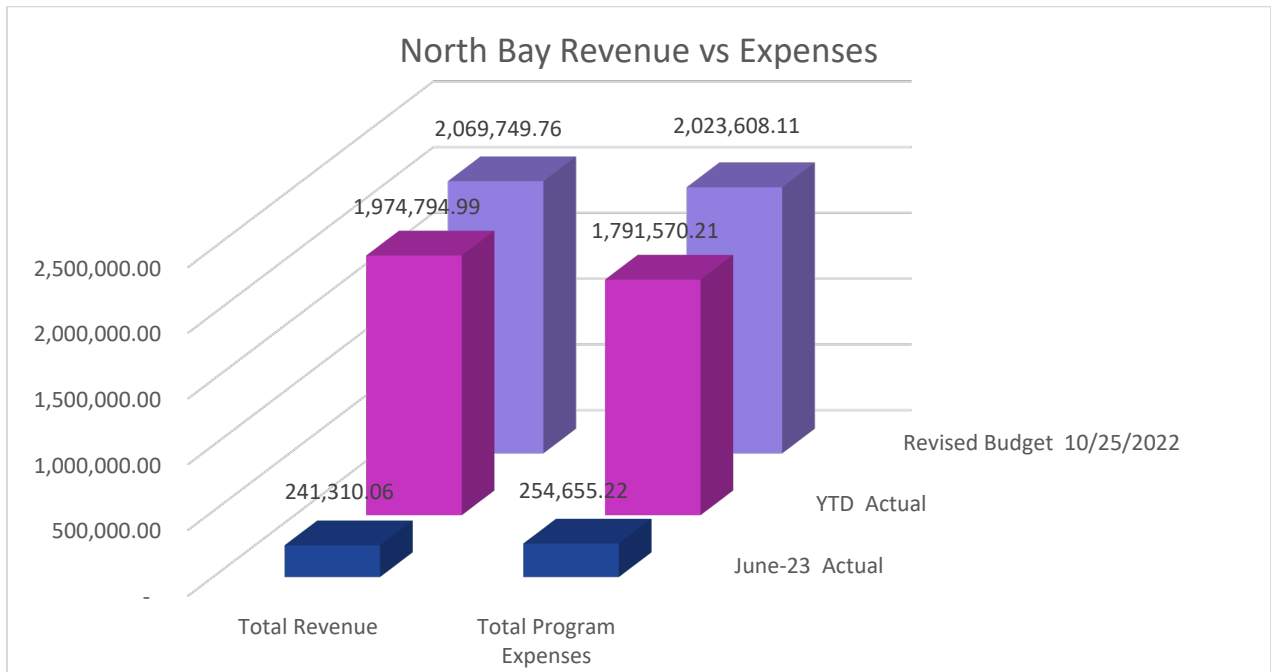
### Central Valley Revenue vs Expenses



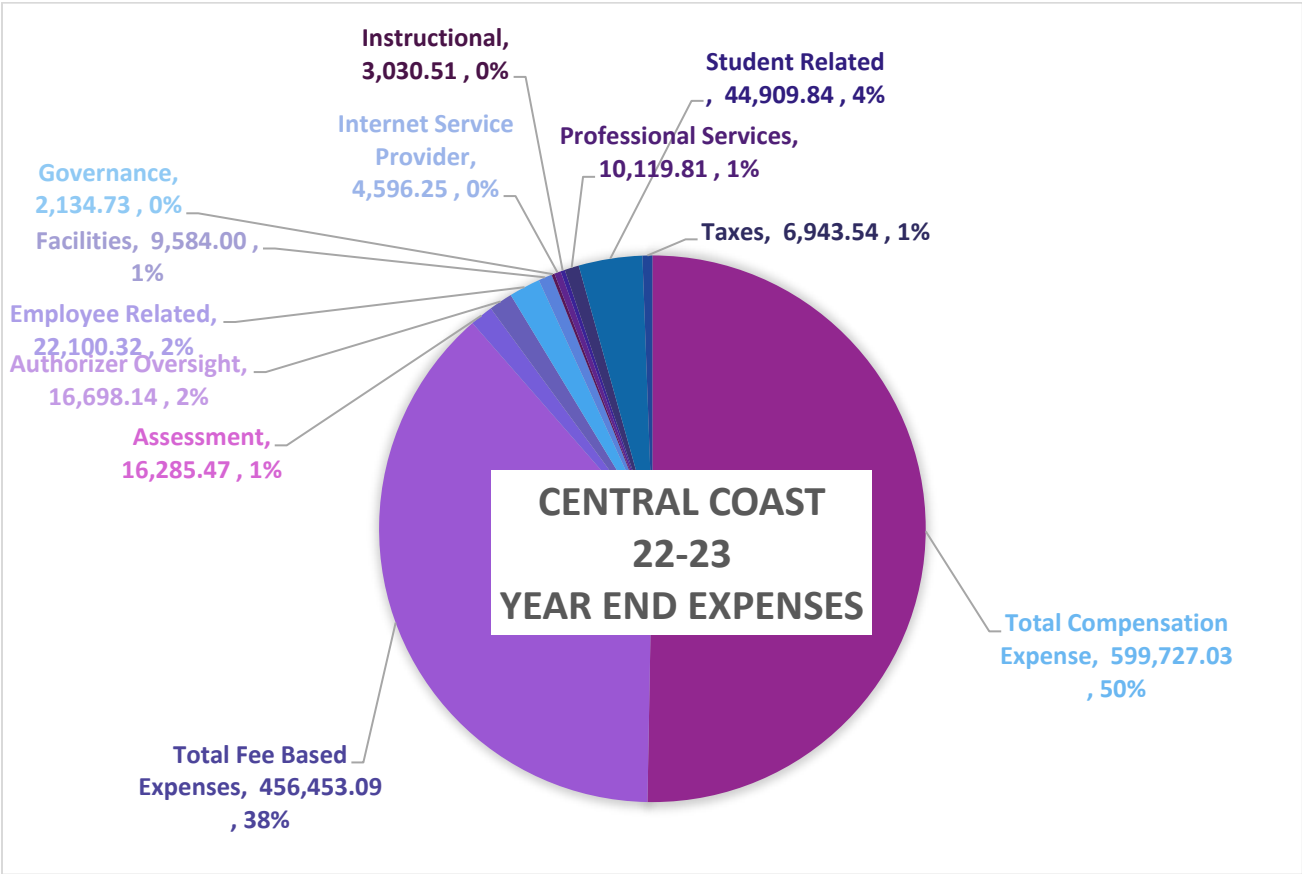
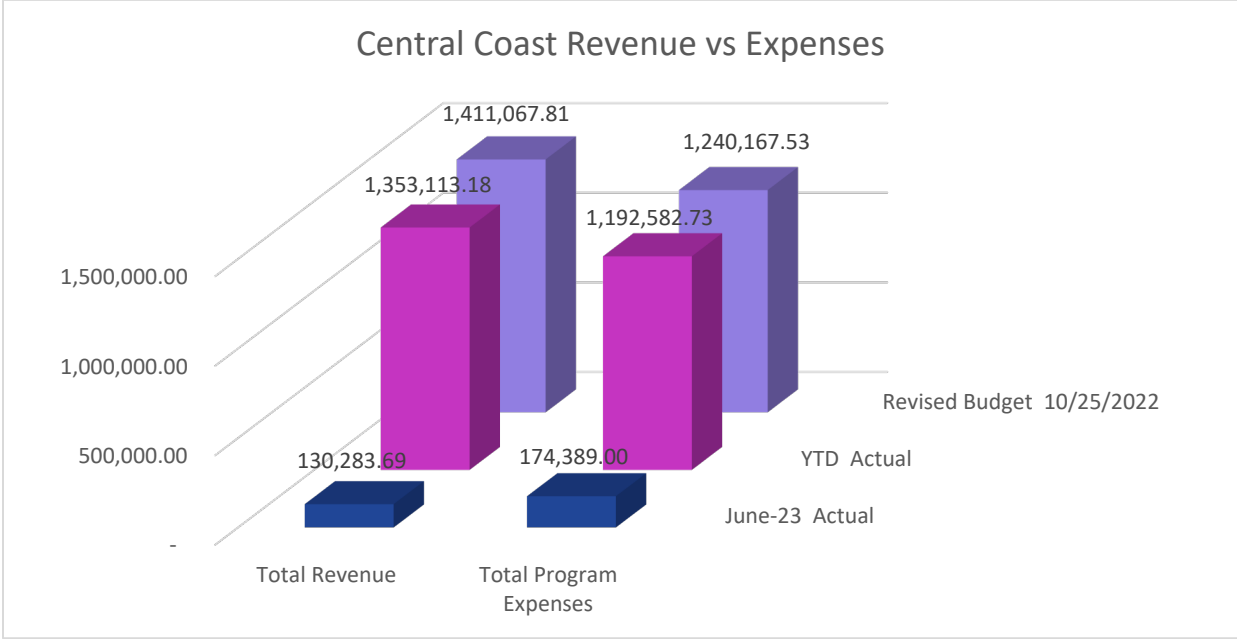
**NorCal-** The revenue received by this school in May included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, and SpED State. NorCal has received 88% of its projected revenue and has expenses recorded at 85% of its budget.



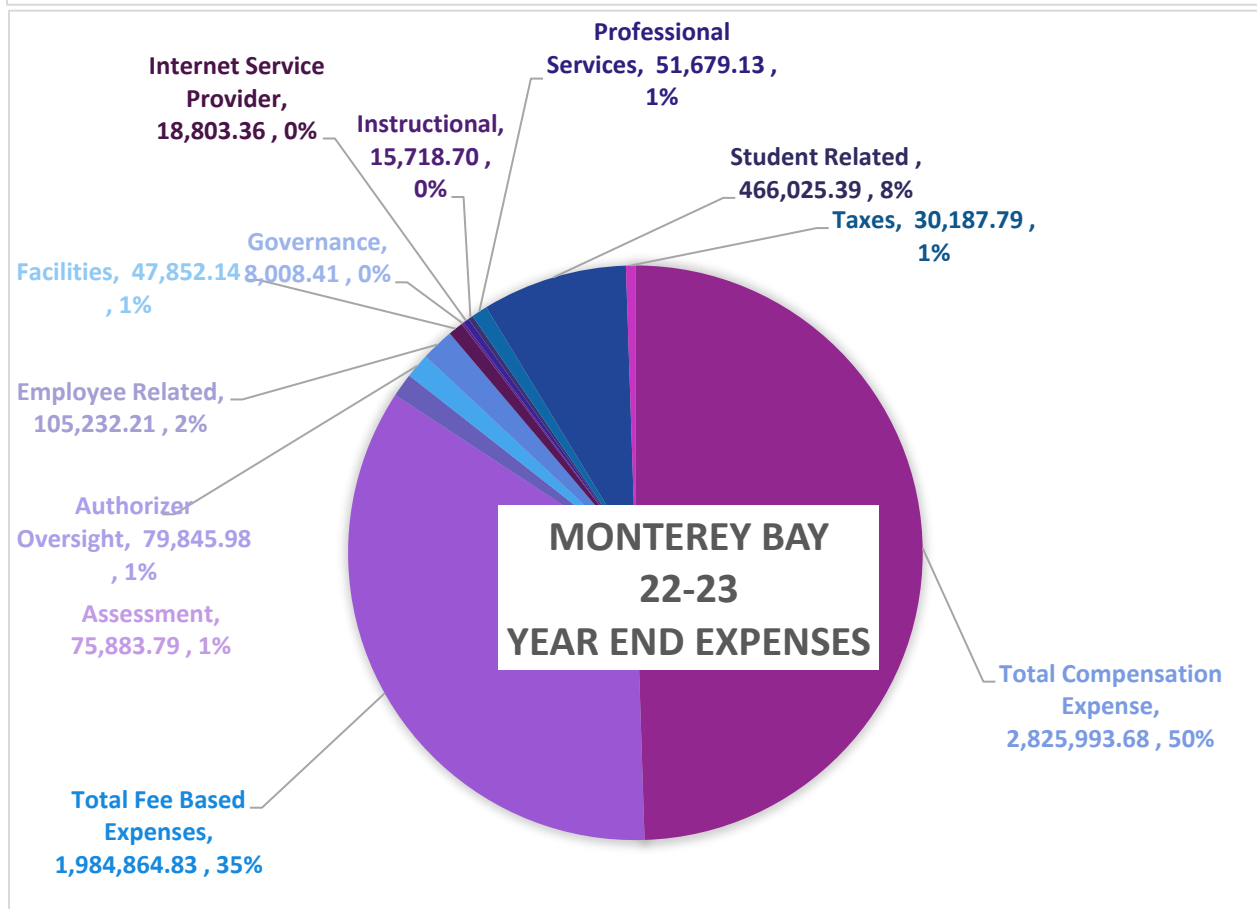
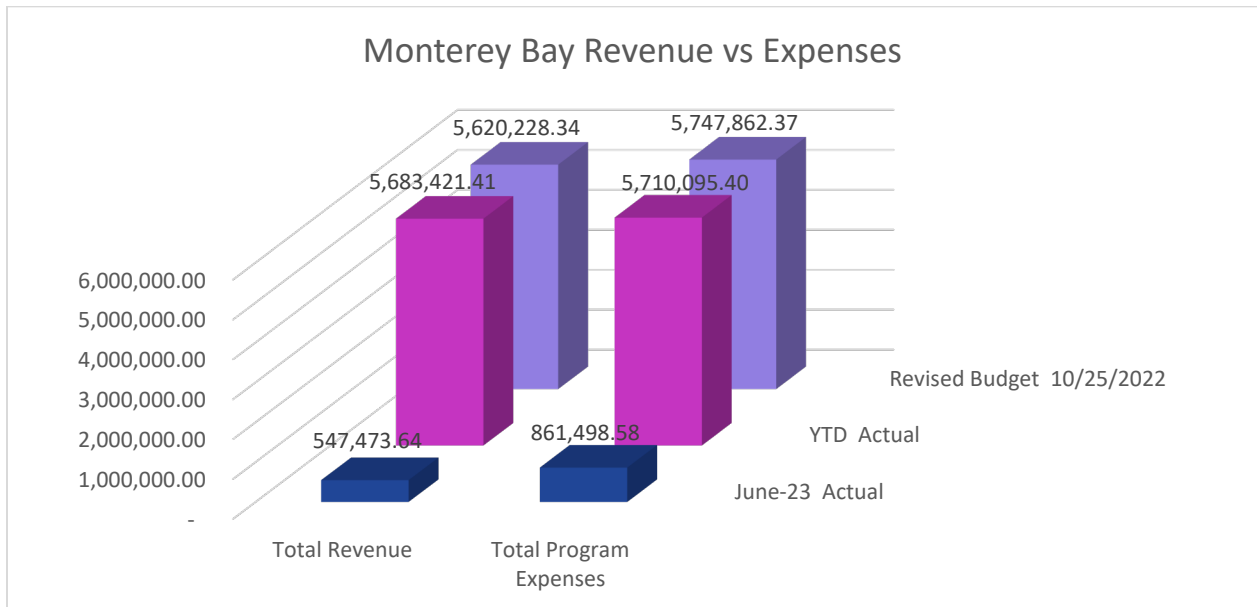
**North Bay**-The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, and SpED State. North Bay's current year expenses are around 89% and the revenue received is 95% of the projected amount for the school year.



**Central Coast**-The revenue received by this school in June included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, ERHMS and SpED State. The school has received approximately 96% of their projected revenue. Their expenses are about 96% of budgeted for the year.



**Monterey Bay**- The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, ERHMS and SpED State. For the year they have received 100% of their revenue and have expenditures that total 99% of their budget.



**Financial Reports:**

**The Unaudited Actuals:**

The Unaudited Actuals are due for all six schools by September 15. These are based on the financial status of the school through June 30. The draft of the reports are included in the board materials. The draft version shows how each line item of our budget corresponds to the state reporting form and format. To the right of the page are notes detailing changes made from its original form along with the breakdown for funds considered to make those adjustments. Final versions of the Unaudited Actuals which are used for submission will be included for ratification at the next board meeting. The schools must use the state issued format for these reports.

**Federal Cash Management Data Collection Report:**

Local Educational Agencies (LEAs) participating in the ESSA formula grant programs (also known as Federal Title Funds) must submit cash balance data through the CMDC web application quarterly. The most recent report was due by July 31<sup>st</sup> and submitted on time. This report reviews if schools are meeting other applicable program eligibility requirements and federal cash management thresholds, to receive an apportionment of funds in the next scheduled payment. In sum, we must report the total amount of Title funds received minus the expenditures charged against their revenue lines.

**Special Education:**

**Special Education Service Contracts Update:**

Business Services and Student Services administrators have reviewed all special education and related service providers contracts from the 22-23 school year to make decisions regarding use for the 23-24 school year. Collectively, most relationships were approved for renewal. Those that were not, were passed on the availability of their providers, rates and willingness to agree and follow the administrative tasks established by CalOps to ensure compliance for reporting purposes and reduce audit/legal risk. Although some of the vendors are not Non Public Agency (NPA) approved, multiple factors were considered, such as whether they are in the process of applying for that status, their relationship with our students, and/or any limitations on our options for replacement. In these cases the risk is minimal as long as we pay for services from our general funds, not Special Education funds passed through from El Dorado SELPA.

The list of those with active contracts for the 23-24 school year is also presented in your board material for board action.

<b>Signed SPED Contracts</b>	<b>Pending SPED Contracts</b>
<b>CES (Cornerstone Educational Solutions)</b>	<b>CEID (Center for Early Intervention on Deafness)</b>
<b>El Paseo Children's Center, Inc.</b>	<b>Community Therapy Services, LLC (Melanie Criss-Virtual OT)</b>
<b>Milestones Therapy Group</b>	<b>Expatiate Communications</b>
<b>Oxford Consulting Services, Inc.</b>	<b>Home Grown OT 4 Kids</b>
<b>Pathways 2 Speech</b>	<b>LiveSpeech (Connections Education LLC dba Pearson Online &amp; Blended Learning K-12 USA)</b>

<b>Professional Tutors of America, Inc.</b>	<b>PresenceLearning, Inc. (formerly known as Global Teletherapy)</b>
<b>Specialized Therapy Services dba The OAS Center</b>	<b>TES (Total Education Solutions)</b>
<b>Stanford Youth Solutions DBA Stanford Sierra Youth &amp; Families</b>	<b>TTC4Success (Tasha's Training &amp; Consulting, LLC)</b>
<b>Every Special Child LLC ( NEW PROVIDER)</b>	Jayden Gaines Transportation Contract
<b>Teamwork Therapies</b>	
<b>TinyEYE Therapy Services</b>	
<b>FeldCare Therapy, Inc. DBA FeldCare Connects (12/8/2022 effectivity date, with a 1-year term, but will automatically renew for another year unless terminated at least 30 days prior to expiration. No need to renew)</b>	
<b>EECS (Effectual Educational Consulting Services)</b>	

**ConApp Report:**

The Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds such as Federal Title I, II and IV to county offices, school districts, and direct-funded charter schools throughout California.

Annually, typically from mid-May to the end of June, each local educational agency (LEA), using the Consolidated Application and Reporting System (CARS), submits the spring release of the ConApp. The spring release documents participation in these programs and provides assurances that the LEA will comply with the legal requirements of each program. Program entitlements are determined by formulas contained in the laws that created the programs.

The winter release of the ConApp is submitted via CARS from mid-January to the end of February each year and contains the LEA entitlements for each funded program. For each federal program entitlement, LEAs allocate funds for the program as indicated by the program requirements.

The spring report was due on August 31<sup>st</sup> and is scheduled to be submitted by Charter Impact on time.

**22-23 Travel Policy:**

The CalOPS Leadership has updated the travel policy to address common points of confusion from the past. Please see the attached document for awareness.

**Audit Update:**

CalOPS continues to work with Clifton Larsen and Allen (CLA) on the 22-23 audit needs. Phase I, which began in July focused on enrollment and attendance data and Phase II, which we have already started working through will focus financial and employee data. The final audit is due by December 15<sup>th</sup>.

In addition to the audit components from previous years, there is a new element that pertains to lease management which came out of legislative action tied to AB 842. We have contracted with CLA for this work and have established our first meeting with their team in order to begin the work to ensure compliance within all areas. Given the scope of the audit, for the 22-23 school year they will only need

to consider the two building leases in the CalOPS name since all other leases were established and managed under the Pearson corporation until July 2023. For next year, however, that list will be expanded to include all the equipment, such as copy machines, that CalOPS started leasing directly in July independent of PVS.