



Contra Costa School of Performing Arts

Board Meeting

Date and Time

Wednesday December 17, 2025 at 4:00 PM PST

Location

meet.google.com/afg-jusr-tds

Contra Costa School of Performing Arts

Board Meeting

Date and Time:

Wednesday, December 17, 2025; 4:00 PM

Location:

Google Meet Link: CCSPA/ChartHouse Board of Directors Meeting

meet.google.com/ddi-swfq-nym

505 Allegheny Drive
Walnut Creek, CA 94598

4040 Hope Avenue
Concord, CA 94521

4320 E. Summer Lake Drive
Oakley, CA 94561

The public may address the Board regarding any item within the jurisdiction of the Board of Directors of ChartHouse Public Schools. To ensure an orderly meeting and an equal opportunity for each speaker, persons wishing to address the Board must fill out a speaker’s card. Cards should be turned into the Board Chair/Vice Chairperson prior to the Call to Order. Speakers will be given three minutes for items on the agenda, and two minutes for items not on the agenda. When translation services are utilized to support the participation of a primary Speaker, the translator will be afforded the same duration of time as the primary Speaker. Time may not be yielded to other speakers. In compliance with the Brown Act, the Board may listen to comments from speakers and provide direction to staff, but may not engage in discussion or take action on items that are not already on the agenda.

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Agenda

	Purpose	Presenter	Time
I.	Opening Items		4:00 PM
A.	Call the Meeting to Order	Heather Vega	1 m
B.	Record Attendance	Catherine Foster	1 m
C.	Establish a Quorum	Heather Vega	1 m
D.	Agenda Review and Adoption	Heather Vega	1 m
	The Board will review the agenda and adopt as presented or take action to change the order of items.		
II.	Public Comments		4:04 PM
	The public may address the Board regarding any item within the jurisdiction of the Board of Directors of ChartHouse Public Schools. To ensure an orderly meeting and an equal opportunity for each speaker, persons wishing to address the Board must fill out a		

	Purpose	Presenter	Time
speaker’s card. Cards should be turned into the Board Chair/Vice Chairperson prior to the Call to Order.			
Speakers will be given three (3) minutes for items <i>on</i> the agenda, and two (2) minutes for items <i>not</i> on the agenda. When translation services are utilized to support the participation of a primary Speaker, the translator will be afforded the same duration of time as the primary Speaker. Time may not be yielded to other speakers. In compliance with the Brown Act, the Board may listen to comments from speakers and provide direction to staff, but may not engage in discussion or take action on items that are not already on the agenda.			
A. Items on the Agenda	FYI	Heather Vega	1 m
Public Comment regarding items on the agenda.			
III. Consent Agenda			4:05 PM
Items listed under the Consent Agenda are considered routine and will be approved by a single motion. There will be no separate discussion of these items; however, any item may be removed from the Consent Agenda upon the request of a member of the Board or Executive Director and acted upon separately.			
A. Consent Agenda Items	Vote	Heather Vega	1 m
<ul style="list-style-type: none">• Minutes for the October 22, 2025 Special Board meeting• Minutes for the October 22, 2025 Special Board meeting /ChartHouse Acting as 2730 Mitchell Drive LLC			
IV. Finance			4:06 PM
A. Audit	Vote	Catherine Foster	10 m
Review and vote on the 2024-2025 Audit.			
V. Closed Session			4:16 PM

	Purpose	Presenter	Time
A. Public Employee Performance Evaluation (§ 54957) Executive Director Review Executive Director payment for extension of work through March 2026.	Discuss	Heather Vega	5 m
B. Conference with Legal Counsel – Existing Litigation	Discuss	Catherine Foster	5 m
VI. Return to Open Session			4:26 PM
A. Report out on Action taken in Closed Session	FYI	Heather Vega	5 m
VII. Other Business			4:31 PM
A. Dissolution Resolution Review and vote on ChartHouse Public Schools and 2730 Mitchell Drive LLC Dissolution.	Vote	Catherine Foster	10 m
B. Executive Director Contract and Compensation Vote on Executive Director extension of work and compensation.	Vote	Heather Vega	5 m
VIII. Closing Items			4:46 PM
A. Adjourn Meeting		Heather Vega	1 m

Coversheet

Consent Agenda Items

Section:	III. Consent Agenda
Item:	A. Consent Agenda Items
Purpose:	Vote
Submitted by:	
Related Material:	2025_10_22_board_meeting_minutes.pdf 2025_10_22_board_meeting_minutes (1).pdf

DRAFT



Contra Costa School of Performing Arts

Minutes

Special Board Meeting

Charthouse acting as 2730 Mitchell Drive LLC

Date and Time

Wednesday October 22, 2025 at 4:00 PM

Location

Virtual

ChartHouse Public Schools acting as 2730 Mitchell Drive LLC

Board Meeting

Date and Time:

Wednesday, October 22, 2025 at 4:30 PM PDT

Location:

Google Meet Link: CCSPA/ChartHouse Board of Directors Meeting

Video call link: meet.google.com/ddi-swfq-nym

1070 W Grove Street

Boise, ID 83702

4040 Hope Avenue

Concord, CA 94521

4320 E Summer Lake Drive
Oakley, CA 94561

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Directors Present

G. Ponikvar, H. Vega

Directors Absent

None

Ex Officio Members Present

C. Foster

Non Voting Members Present

C. Foster

I. Opening Items

A. Call the Meeting to Order

H. Vega called a meeting of the board of directors of Contra Costa School of Performing Arts to order on Wednesday Oct 22, 2025 at 4:36 PM.

B. Record Attendance

C. Establish a Quorum

D. Agenda Review and Adoption

II. Other Business

A. 2730 Mitchell Drive Resolution to Sell

H. Vega made a motion to Vote on resolution authorizing us to move forward with the sale agreement and naming Heather Vega as an authorized signatory.

G. Ponikvar seconded the motion.

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

III. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 4:37 PM.

Respectfully Submitted,

H. Vega

DRAFT



Contra Costa School of Performing Arts

Minutes

Special Board Meeting

Date and Time

Wednesday October 22, 2025 at 4:00 PM

Location

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Board Meeting

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Directors Present

G. Ponikvar, H. Vega

Directors Absent

None

Ex Officio Members Present

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Non Voting Members Present

C. Foster

I. Opening Items

A. Call the Meeting to Order

H. Vega called a meeting of the board of directors of Contra Costa School of Performing Arts to order on Wednesday Oct 22, 2025 at 4:00 PM.

B. Record Attendance

C. Establish a Quorum

D. Agenda Review and Adoption

H. Vega made a motion to Adopt agenda as presented.

G. Ponikvar seconded the motion.

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

II. Consent Agenda

A. Approve Minutes from September Meeting.

G. Ponikvar made a motion to Approve the minutes.

H. Vega seconded the motion.

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

III. Other Business

A. 2730 Mitchell Drive Resolution to Sell

H. Vega made a motion to Vote on resolution authorizing us to move forward with the sale agreement and naming Heather Vega as an authorized signatory.

G. Ponikvar seconded the motion.

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

B. Review At Will Contract for the Executive Director

IV. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 4:36 PM.

Respectfully Submitted,

H. Vega

Coversheet

Audit

Section:	IV. Finance
Item:	A. Audit
Purpose:	Vote
Submitted by:	
Related Material:	Contra Costa - 2025 Audit Report.pdf



Charthouse Public Schools DBA Contra Costa School of Performing Arts

Charter #1773

Financial Statements
June 30, 2025

<https://whkcpa.com>



Contra Costa School of Performing Arts

Financial Statements
Year Ended June 30, 2025

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BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report

To the Board of Directors
Contra Costa School of Performing Arts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Contra Costa School of Performing Arts (a nonprofit organization) and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Contra Costa School of Performing Arts and its subsidiary as of June 30, 2025, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Contra Costa School of Performing Arts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter – Discontinued Operations/Liquidation Basis of Accounting

As described in Note A to the financial statements, due to declining enrollment and ongoing financial challenges, the School officially ceased operations as of June 30, 2025. The School expects to complete the liquidation within the next twelve months as a result of discontinued operations. The financial statements have been prepared on a liquidation basis, and management does not anticipate any write-down of assets or liabilities in connection with the liquidation. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Contra Costa School of Performing Arts and its subsidiary ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Contra Costa School of Performing Art's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Contra Costa School of Performing Art's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Contra Costa School of Performing Arts' financial statements.

The accompanying consolidating financial statements and additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, as identified in the Table of Contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Other Information section of the report, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of Contra Costa School of Performing Art's and its subsidiary internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Contra Costa School of Performing Art's and its subsidiary 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 Contra Costa School of Performing Art's and its subsidiary internal control over financial reporting and compliance.

El Cajon, California
December 15, 2025

Financial Statements

Contra Costa School of Performing Arts
Consolidated Statement of Financial Position
June 30, 2025

Assets

Cash and cash equivalents	\$ 1,127,336
Accounts receivable	973,941
Other assets cost of issuance	513,793
Property and equipment, net	12,372,833
Total Assets	<u>\$ 14,987,903</u>

Liabilities and Net Assets**Liabilities**

Accounts payable - vendors	\$ 196,302
Accounts payable - grantor governments	361,575
Accrued payroll liabilities	49,659
Current loans	350,000
Bonds payable, net of discount	15,945,185
Total Liabilities	<u>16,902,721</u>

Net Assets**Without donor restrictions**

Undesignated	13,995,359
Invested in property and equipment, net of related debt	<u>(15,928,427)</u>
	<u>(1,933,068)</u>

With donor restrictions

Restricted for federal programs	<u>18,250</u>
---------------------------------	---------------

Total Net Assets	<u>(1,914,818)</u>
Total Liabilities and Net Assets	<u>\$ 14,987,903</u>

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts

Consolidated Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 1,259,817	\$ -	\$ 1,259,817
Education protection account state aid	49,608	-	49,608
Transfers in lieu of property taxes	1,517,357	-	1,517,357
Total LCFF sources	2,826,782	-	2,826,782
Federal contracts and grants	-	245,374	245,374
Employee retention credit	-	940,797	940,797
State contracts and grants	80,089	642,898	722,987
Local contracts and grants	168,357	-	168,357
Donations and fundraising	69,964	-	69,964
Rental income	4,781	-	4,781
Gain (loss) on related party lease elimination	(17,624,577)	-	(17,624,577)
Interest income	37,622	-	37,622
Net assets released from restriction -			
Grant restrictions satisfied	1,810,819	(1,810,819)	-
Total revenue, support, and gains	(12,626,163)	18,250	(12,607,913)
Expenses and Losses			
Program services expense	3,873,204	-	3,873,204
Supporting services expense	3,199,350	-	3,199,350
Total expenses and losses	7,072,554	-	7,072,554
Change in Net Assets	(19,698,717)	18,250	(19,680,467)
Net Assets, Beginning of Year	17,765,649	-	17,765,649
Net Assets, End of Year	\$ (1,933,068)	\$ 18,250	\$ (1,914,818)

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025

	<u>Program Services</u>	<u>Supporting Services</u>	
	Educational	Management and	
	Programs	General	Total
Salaries and wages	\$ 1,371,216	\$ 689,983	\$ 2,061,199
Pension expense	328,193	165,144	493,337
Other employee benefits	135,046	67,954	203,000
Payroll taxes	29,917	15,054	44,971
Fees for services:			
Management	-	182,223	182,223
Legal	-	26,579	26,579
Audit	-	14,000	14,000
Other fees - professional consulting	30,867	58,118	88,985
Other fees - district oversight	-	30,447	30,447
Other fees - banking and service charges	-	122,994	122,994
Advertising and promotion	-	28,585	28,585
Operation and housekeeping	317,449	-	317,449
Information technology	23,355	-	23,355
Communications	6,496	-	6,496
Occupancy	630,599	-	630,599
Travel and conferences	850	-	850
Interest	-	1,599,178	1,599,178
Depreciation	365,434	-	365,434
Amortization	-	83,306	83,306
Insurance	-	106,089	106,089
Other expenses:			
Books and supplies	506,428	-	506,428
Equipment rental and repair	16,538	-	16,538
Special education encroachment	73,482	-	73,482
Student events	12,966	-	12,966
Dues and memberships	24,368	-	24,368
Miscellaneous	-	9,696	9,696
Total expenses by function	<u>\$ 3,873,204</u>	<u>\$ 3,199,350</u>	<u>\$ 7,072,554</u>

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts

Consolidated Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows from Operating Activities

Receipts from federal, state, and local contracts and grants	\$ 3,665,878
Receipts from property taxes	1,517,357
Other operating receipts and payments	112,367
Gains (loses) from lease elimination entries	(17,624,577)
Payments for salaries and benefits	(2,863,954)
Payments to vendors	(3,871,511)
Net Cash Used for Operating Activities	(19,064,440)

Cash Flows from Investing Activities

Disposal of capital assets	11,661
Recognition of LLC building from elimination entries	12,356,075
Net Cash Used For Investing Activities	12,367,736

Cash Flows from Financing Activities

Gains (loses) from lease elimination entries	6,485,561
Change in bonds payable	504,563
Proceeds from notes payable	350,000
Net Cash Provided By Financing Activities	7,340,124

Net Change in Cash and Cash Equivalents	643,420
Cash and Cash Equivalents, Beginning of Year	483,916
Cash and Cash Equivalents, End of Year	\$ 1,127,336

Reconciliation of Change in Net Assets to Net Cash

Used For Operating Activities

Change in net assets	\$ (19,680,467)
Adjustments to reconcile change in net assets to net cash:	
Depreciation	365,434
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	69,268
Prepaid expenses	32,979
Other assets cost of issuance	31,218
Increase (Decrease) in liabilities	
Accounts payable - vendors	(31,095)
Accounts payable - grantor government	318,193
Accrued payroll liabilities	(61,447)
Unearned revenue	(108,523)
Net Cash Used for Operating Activities	\$ (19,064,440)

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts

Notes to the Consolidated Financial Statements

Year Ended June 30, 2025

A. Principal Activity and Summary of Significant Accounting Policies

Organization

Charthouse Public Schools DBA Contra Costa School of Performing Arts (the School) was formed as a charter school pursuant to California Education Code Section 47600 under a charter agreement approved by Contra Costa County Office of Education on July 15, 2015. Charthouse Public Schools DBA Contra Costa School of Performing Arts began operating as a school in the 2016-17 year.

Contra Costa School of Performing Arts is an independent, public charter school that serves students from Walnut Creek in 6th through 12th grade. The School's mission is to provide a distinguished, pre-professional experience in performing arts within a college and career preparatory setting. The School believes in fostering a culture of excellence with the core values of rigor, relevance, resilience, and relationships.

2730 Mitchell Drive LLC (the LLC) was formed on July 9, 2020, for the sole purpose of providing facility support for Contra Costa School of Performing Arts.

Basis of Consolidation

The accompanying consolidated financial statements of the School and the LLC, collectively the Organization, include accounts of Contra Costa School of Performing Arts and its subsidiary, 2730 Mitchell Drive LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Management makes estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ from those estimates.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit corporations. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of non-interest bearing amounts due to the Organization for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the Organization.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

Property and Equipment

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Investments

The Organization's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments result in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities. The Organization's policy is to follow the fair value measurement and reporting requirements contained in FASB ASC 820 *Fair Value Measurements and Disclosures*.

Prepaid Expenses

Prepaid expenses are recorded to account for expenditures during the benefiting period.

Leases

The Organization leases facilities and equipment which are utilized in its charitable purpose. The Organization determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Statement of Financial Position. Financing leases are included in the financing lease right-of-use assets, other current liabilities, and financing lease liabilities in the Statement of Financial Position.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. The Organization has elected to apply the short-term lease exemption to any leases with terms of 12 months or less or any leases below the threshold of \$5,000.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the stand-alone prices of the lease and non-lease components. Observable stand-alone prices are used, if available. If the stand-alone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. Accumulated sick leave benefits are not recognized as liabilities of the Organization. The Organization's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Net Assets

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 – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administering, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Revenue and Revenue Recognition

The Organization follows the provisions of FASB ASC 958-605 thereby recognizing revenue when applicable performance related barriers have been satisfied and the revenue is earned. A performance-related barrier represents something that must be achieved, performed or delivered in order to receive funds. Performance related barriers are required to be measurable, limit discretion by recipient on the conduct of the activity, and the stipulations are related to the purpose of the agreement or grant. When funds are received and performance-related barriers are not satisfied, the Organization records the funds as unearned revenue.

After the Organization has determined that performance related barriers have been satisfied, the revenue is recognized as either restricted or unrestricted based on the nature of the resources and conditions of the grantor. Restrictions on recognized revenue could constitute allowable uses of the resources that are narrower than the Organization's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The Organization primarily receives funds from the California Department of Education (CDE). Local Control Funding Formula revenue and state revenues received from CDE are based on the Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the Organization receives state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The Organization's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the Local Control Funding Formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under Proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 56.35% of the Organization's revenue.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

The LCFF includes the following components applicable to the Organization:

1. Provides a base grant for each school based on the school's ADA. The actual base grant varies based on grade span.
2. Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
3. Provides a supplemental grant equal to 20 percent of the adjusted base grants for targeted disadvantaged students. Targeted students are those classified as English Learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, homeless youth, or any combination of these factors (unduplicated count).
4. Provides a concentration grant equal to 65 percent of the adjusted base grant for targeted students exceeding 55 percent of the school's enrollment.

Income Taxes

The Organization is a 509(a)(1) publicly supported non-profit Organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2025, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows provisions of uncertain tax positions as addressed in ASC 958. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2025.

The Organization files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Advertising

Advertising costs are expensed as incurred and approximated \$28,585 during the year ended June 30, 2025.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, The Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

Discontinued Operations/Liquidation Basis of Accounting

On June 30, 2025, the Board of Directors of Contra Costa School of Performing Arts approved a plan to cease operations and liquidate the assets of the Organization. As a result, the accompanying financial statements have been prepared using the liquidation basis of accounting in accordance with FASB ASC 205-30.

Under the liquidation basis of accounting, assets are stated at their estimated net realizable values, representing the amount of cash the organization expects to collect upon liquidation. Liabilities are recognized in accordance with GAAP and include all obligations expected to be settled during the liquidation process. The Organization has also accrued estimated costs to be incurred through the expected duration of the liquidation, including professional fees, contract termination costs, and other expenses directly associated with the wind-down of operations.

As of June 30, 2025, the Organization reported total assets of \$14,987,903 and total liabilities of \$16,902,721. The excess of liabilities over assets reflects the current estimate that the Organization may be unable to fully satisfy all obligations from the proceeds of asset liquidation.

The Organization has not filed for bankruptcy as of the date these financial statements were authorized for issuance. However, if the Organization is unable to negotiate reductions in its outstanding liabilities or otherwise resolve its obligations, it may be required to seek bankruptcy protection. The outcome of such negotiations and the potential for bankruptcy proceedings are uncertain at this time.

The significant assumptions used in measuring assets and liabilities under the liquidation basis include estimates of the net realizable value of assets, the timing and amount of expected liquidation costs, and the resolution of outstanding liabilities. The liquidation process is expected to be completed within 12 months from the date of cessation of operations.

Management will continue to update these estimates as additional information becomes available during the liquidation process.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2024-25 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23
FASB Accounting Standards Update 2023-07 - <i>Segment Reporting (Topic 280)</i>	Nov-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The Organization has adopted provisions of effective Accounting Standards Updates. The issuance of these standards did not result in a presentation or accounting change that impacted these financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 15, 2025, the date the financial statements were available to be issued.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

B. Liquidity and Availability

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC	Total
Cash and cash equivalents	\$ 471,135	\$ 656,201	\$ 1,127,336
Accounts receivable	973,941	-	973,941
Total	<u>\$ 1,445,076</u>	<u>\$ 656,201</u>	<u>\$ 2,101,277</u>

C. Fair Value Measurements and Disclosures

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

The Organization has funds at UMB Bank which invests funds in various money market accounts. Those money market accounts are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions and are classified within Level 1.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2025:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments:				
Cash and money market funds	\$ 656,201	\$ 656,201	\$ -	\$ -
	<u>\$ 656,201</u>	<u>\$ 656,201</u>	<u>\$ -</u>	<u>\$ -</u>

D. Cash and Investments

The Organization's cash and investments on June 30, 2025, consisted of the following:

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC	Total
Cash in bank accounts	\$ 471,135	\$ -	\$ 471,135
Cash in money market accounts	<u>-</u>	<u>656,201</u>	<u>656,201</u>
Total cash and cash equivalents	<u>\$ 471,135</u>	<u>\$ 656,201</u>	<u>\$ 1,127,336</u>

Cash in Bank

The School's cash, (\$471,135 as of June 30, 2025) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2025, the School held \$50,000 in excess of the FDIC insured amounts. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Cash Equivalents and Investments

The LLC maintains the remainder of the Organization's cash in money market funds (\$656,201 as of June 30, 2025). These cash equivalents consist of United States Government Money Market Funds. These funds are not FDIC insured and are therefore exposed to custodial credit risk. The LLC does not anticipate any losses as a result of this risk. Cash may be added or withdrawn from the money market accounts without limitation.

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

E. Accounts Receivable

As of June 30, 2025, the Organization's accounts receivable consisted of the following:

Federal Government		
Employee Retention Credit	\$	745,765
Special Education		85,210
Other Federal Programs		14,382
State Government		
Education Protection Account		10,363
State Aid		27,159
Lottery Funding		49,406
Child Nutrition		25,429
Career Technical Education Incentive Grant		7,847
Local Government		
Property Tax Payments		4,571
Other Local Sources		
Other Local Sources		3,809
Total Accounts Receivable	\$	<u>973,941</u>

F. Property and Equipment

Property and equipment for the Organization consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	\$ 13,708,982	\$ -	\$ -	\$ 13,708,982
Equipment, Furniture, and Fixtures	447,113	-	447,113	-
Total Depreciable Capital Assets	14,156,095	-	447,113	13,708,982
Total Capital Assets	14,156,095	-	447,113	13,708,982
Less Accumulated Depreciation	(1,406,167)	(365,434)	(435,452)	(1,336,149)
Capital Assets, Net	<u>\$ 12,749,928</u>	<u>\$ (365,434)</u>	<u>\$ 11,661</u>	<u>\$ 12,372,833</u>

G. Restricted Net Assets

The School receives grants from federal and state agencies that are restricted for specific purposes. Once the restricted purpose has been fulfilled, the assets are released from restriction. At June 30, 2025, net assets were restricted for the following purposes:

Subject to expenditure for specified purpose:

Federal Programs:

 Special Education Discretionary Grants \$ 18,250

Total net assets with donor restrictions \$ 18,250

Contra Costa School of Performing Arts

Notes to the Financial Statements, Continued

Year Ended June 30, 2025

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2025:

Beginning restricted net assets	\$ -
Restricted grants received	1,829,069
Net assets released from restriction:	
Restricted purpose satisfied	<u>(1,810,819)</u>
Ending restricted net assets	<u><u>\$ 18,250</u></u>

H. Current Loans

On August 28, 2024, the Organization received a loan of \$350,000 from Rosemawr Charter Facilities Holding LLC. The loan bears interest at a fixed rate of 5% per annum and matures on December 15th, 2025. Both principal and accrued interest are payable in full on the maturity date. As of June 30, 2025, the outstanding balance of the loan was \$350,000.

Future payments on the loan as of June 30, 2025 are as follows:

<u>Year Ended June 30</u>	<u>Promissory Note</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$ 350,000</u>	<u>\$ 22,701</u>	<u>\$ 372,701</u>
Total	<u><u>\$ 350,000</u></u>	<u><u>\$ 22,701</u></u>	<u><u>\$ 372,701</u></u>

I. Bonds Payable

On September 1, 2020, the Organization issued bonds through California Finance Authority. The Organization has two sets of bonds, the Series 2020A in the amount of \$16,065,000 and Series 2020B in the amount of \$285,000. The Series 2020A was issued at a discount of \$963,900 and the Series 2020B was issued at a discount of \$17,100. The Series 2020A Bonds have an interest rate of 5.5%; while the Series 2020B Bonds have an interest rate of 7.5%. The Bonds are secured by the underlying educational facilities. The Bonds contained a discount when issued of \$981,000 which is amortized as interest expense over the life of the Bonds.

Bonds payable consist of the following at June 30, 2025:

Principal amount	\$ 16,802,475
Less unamortized discounts	<u>(857,290)</u>
	<u><u>\$ 15,945,185</u></u>

Contra Costa School of Performing Arts
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 797,475	\$ 892,575	\$ 1,690,050
2027	195,000	880,275	1,075,275
2028	205,000	869,550	1,074,550
2029	215,000	858,275	1,073,275
2030-2034	1,265,000	4,100,525	5,365,525
2035-2039	1,655,000	3,711,950	5,366,950
2040-2044	2,165,000	3,203,475	5,368,475
2045-2049	2,830,000	2,539,625	5,369,625
2050-2054	3,705,000	1,669,525	5,374,525
2055-2058	3,770,000	532,950	4,302,950
	\$ 16,802,475	\$ 19,258,725	\$ 36,061,200

J. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The School's participation in these plans for the fiscal year ended June 30, 2025, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2025, 2024 and 2023 is for the plan's year-end at June 30, 2025, 2024 and 2023, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Contra Costa School of Performing Arts
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Period to Period Comparability:

Contra Costa School of Performing Arts increased in CalSTRS contributions from 2023 to 2024 by 57.31% followed by a decrease in 2025 of 10.86%. The decrease in CalSTRS in 2025 is due to the decrease in contributions and the number of participants in the plan for the school year.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented
		2025	2024	2023	Implemented
		Green	Green	Green	
CalSTRS	07069				No

Pension Fund	Contributions			Number of Employees	Surcharge Imposed
	2025	2024	2023		
CalSTRS	\$ 493,337	\$ 553,448	\$ 351,811	44	No
Total	\$ 493,337	\$ 553,448	\$ 351,811	44	

CalSTRS:

The School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2025, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their membership date. The employer contribution rate was 19.10% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2025 the State contributed \$159,220 (10.828% of certificated salaries) on behalf of the School.

Contra Costa School of Performing Arts
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

K. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-05 - <i>Financial Services - Insurance (Topic 944): Transition for Sold Contracts</i>	Dec-22	2025-26
FASB Accounting Standards Update 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
FASB Accounting Standards Update 2023-08 - <i>Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)</i>	Dec-23	2025-26
FASB Accounting Standards Update 2023-09 - <i>Income Taxes (Topic 740)</i>	Dec-23	2026-27
FASB Accounting Standards Update 2024-01 - <i>Compensation - Stock Compensation (Topic 718)</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-02 - <i>Codification Improvements - Amendments to Remove References to the Concepts Statements</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-03 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Nov-24	2027-28
FASB Accounting Standards Update 2024-04 - <i>Debt with Conversion and Other Options</i>	Nov-24	2026-27
FASB Accounting Standards Update 2025-01 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Jan-25	2027-28
FASB Accounting Standards Update 2025-02 - <i>Liabilities Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122</i>	Mar-25	2025-26
FASB Accounting Standards Update 2025-03 - <i>Business Combinations and Consolidation</i>	May-25	2027-28
FASB Accounting Standards Update 2025-04 - <i>Stock Compensation and Revenue from Contracts with Customers</i>	May-25	2027-28
FASB Accounting Standards Update 2025-05 - <i>Measurement of Credit Losses for Accounts Receivable and Contract Assets</i>	Jul-25	2026-27
FASB Accounting Standards Update 2025-06 - <i>Intangibles - Goodwill and Other Internal Use Software</i>	Sep-25	2028-29

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the Organization.

Supplementary Information

Contra Costa School of Performing Arts
Consolidating Statement of Financial Position
June 30, 2025

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC	Elimination	Total
Assets				
Cash and cash equivalents	\$ 471,135	\$ 656,201	\$ -	\$ 1,127,336
Accounts receivable	973,941	-	-	973,941
Accounts receivable - related entities	-	350,000	(350,000)	-
Accounts receivable - related lease	-	32,588,145	(32,588,145)	-
Other assets - cost of issuance	-	513,793	-	513,793
Property and equipment, net	16,758		12,356,075	12,372,833
Right-of-use assets, financing leases				
Facilities and equipment	21,666,611	-	(21,666,611)	-
Accumulated amortization	(1,805,550)	-	1,805,550	-
Total Assets	<u>\$ 21,322,895</u>	<u>\$ 34,108,139</u>	<u>\$ (40,443,131)</u>	<u>\$ 14,987,903</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable - vendors	\$ 196,302	\$ -	-	\$ 196,302
Accounts payable - grantor governments	361,575	-	-	361,575
Accounts payable - related entities	350,000	-	(350,000)	-
Accrued payroll liabilities	49,659	-	-	49,659
Current loans	-	350,000	-	350,000
Bonds payable, net of discount	-	15,945,185	-	15,945,185
Financing leases payable	22,108,526	-	(22,108,526)	-
Total Liabilities	<u>23,066,062</u>	<u>16,295,185</u>	<u>(22,458,526)</u>	<u>16,902,721</u>
Net Assets				
Without donor restrictions				
Undesignated	(1,778,175)	33,758,139	(17,984,605)	13,995,359
Invested in property and equipment, net of related debt	16,758	(15,945,185)	-	(15,928,427)
	<u>(1,761,417)</u>	<u>17,812,954</u>	<u>(17,984,605)</u>	<u>(1,933,068)</u>
With donor restrictions				
Restricted for federal programs	18,250	-	-	18,250
Total Net Assets	<u>(1,743,167)</u>	<u>17,812,954</u>	<u>(17,984,605)</u>	<u>(1,914,818)</u>
Total Liabilities and Net Assets	<u>\$ 21,322,895</u>	<u>\$ 34,108,139</u>	<u>\$ (40,443,131)</u>	<u>\$ 14,987,903</u>

See Accompanying Notes to Supplementary Information

Contra Costa School of Performing Arts

Consolidating Statement of Activities

Year Ended June 30, 2025

	Contra Costa School of Performing Arts		2730 Mitchell Drive LLC		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Elimination	Total
Revenue, Support, and Gains					
Local Control Funding Formula (LCFF) sources					
State aid	\$ 1,259,817	\$ -	\$ -	\$ -	\$ 1,259,817
Education protection account state aid	49,608	-	-	-	49,608
Transfers in lieu of property taxes	1,517,357	-	-	-	1,517,357
Total LCFF sources	2,826,782	-	-	-	2,826,782
Federal contracts and grants	-	245,374	-	-	245,374
Employee retention credit	-	940,797	-	-	940,797
State contracts and grants	80,089	642,898	-	-	722,987
Local contracts and grants	168,357	-	-	-	168,357
Donations and fundraising	69,964	-	-	-	69,964
Rental income	-	-	4,781	-	4,781
Gain (loss) on related party lease elimination	-	-	-	(17,624,577)	(17,624,577)
Interest income	23,998	-	13,624	-	37,622
Net assets released from restriction -					
Grant restrictions satisfied	1,810,819	(1,810,819)	-	-	-
Total revenue, support, and gains	4,980,009	18,250	18,405	(17,624,577)	(12,607,913)
Expenses and Losses					
Program services expense	3,513,176	-	-	360,028	3,873,204
Supporting services expense	2,199,084	-	1,000,266	-	3,199,350
Total expenses and losses	5,712,260	-	1,000,266	360,028	7,072,554
Change in Net Assets	(732,251)	18,250	(981,861)	(17,984,605)	(19,680,467)
Net Assets, Beginning of Year	(1,029,166)	-	18,794,815	-	17,765,649
Net Assets, End of Year	\$ (1,761,417)	\$ 18,250	\$ 17,812,954	\$ (17,984,605)	\$ (1,914,818)

See Accompanying Notes to Supplementary Information

Contra Costa School of Performing Arts

Consolidating Statement of Functional Expenses

Year Ended June 30, 2025

	Contra Costa School of Performing Arts		2730 Mitchell Drive LLC			
	Program Services	Supporting Services	Program Services	Supporting Services		
	Educational	Management and	Educational	Management and		
	Programs	General	Programs	General	Elimination	Total
Salaries and wages	\$ 1,371,216	\$ 689,983	\$ -	\$ -	\$ -	\$ 2,061,199
Pension expense	328,193	165,144	-	-	-	493,337
Other employee benefits	135,046	67,954	-	-	-	203,000
Payroll taxes	29,917	15,054	-	-	-	44,971
Fees for services:						
Management	-	182,223	-	-	-	182,223
Legal	-	26,579	-	-	-	26,579
Audit	-	14,000	-	-	-	14,000
Other fees - professional consulting	30,867	58,118	-	-	-	88,985
Other fees - district oversight	-	30,447	-	-	-	30,447
Other fees - banking and service charges	-	120,542	-	2,452	-	122,994
Advertising and promotion	-	28,585	-	-	-	28,585
Operation and housekeeping	317,449	-	-	-	-	317,449
Information technology	23,355	-	-	-	-	23,355
Communications	6,496	-	-	-	-	6,496
Occupancy	630,599	-	-	-	-	630,599
Travel and conferences	850	-	-	-	-	850
Interest	-	694,228	-	904,950	-	1,599,178
Depreciation	5,406	-	-	-	360,028	365,434
Amortization	-	-	-	83,306	-	83,306
Insurance	-	106,089	-	-	-	106,089
Other expenses:						
Books and supplies	506,428	-	-	-	-	506,428
Equipment rental and repair	16,538	-	-	-	-	16,538
Special education encroachment	73,482	-	-	-	-	73,482
Student events	12,966	-	-	-	-	12,966
Dues and memberships	24,368	-	-	-	-	24,368
Miscellaneous	-	138	-	9,558	-	9,696
Total expenses by function	<u>\$ 3,513,176</u>	<u>\$ 2,199,084</u>	<u>\$ -</u>	<u>\$ 1,000,266</u>	<u>\$ 360,028</u>	<u>\$ 7,072,554</u>

See Accompanying Notes to Supplementary Information

Additional Supplementary Information

Contra Costa School of Performing Arts
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised See Finding 2025-004
	87158B93		3292EB16	
Classroom Based Attendance				
Grades 4-6	33.08	N/A	-	32.00
Grades 7-8	101.79	N/A	-	99.76
Grades 9-12	102.83	N/A	-	99.07
Total Classroom Based Attendance	237.70	N/A	-	230.83
Non-Classroom Based Attendance				
Grades 4-6	1.04	N/A	33.06	1.06
Grades 7-8	2.21	N/A	102.95	3.19
Grades 9-12	7.18	N/A	107.32	8.25
Total Non-Classroom Based Attendance	10.43	N/A	243.33	12.50
Total ADA	248.13	N/A	243.33	243.33

See accompanying notes to supplementary information.

Contra Costa School of Performing Arts
Schedule of Instructional Time
Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days*	Total Instructional Days	Status
6th Grade	54,000	54,720	0	54,720	176	0	176	Complied
7th Grade	54,000	54,720	0	54,720	176	0	176	Complied
8th Grade	54,000	54,720	0	54,720	176	0	176	Complied
9th Grade	64,800	64,800	0	64,800	180	0	180	Complied
10th Grade	64,800	64,800	0	64,800	180	0	180	Complied
11th Grade	64,800	64,800	0	64,800	180	0	180	Complied
12th Grade	64,800	64,800	0	64,800	180	0	180	Complied

*Contra Costa School of Performing Arts did not submit a request for a J-13A emergency waiver of instructional minutes or days.

See accompanying notes to supplementary information.

Contra Costa School of Performing Arts
Schedule of Financial Trends & Analysis
Year Ended June 30, 2025

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues and gain on dissolution	\$ 1,743,167	\$ 4,998,259	\$ 5,504,446	\$ 5,555,961
Expenses	-	5,712,260	6,475,928	6,282,007
Change in Net Assets	1,743,167	(714,001)	(971,482)	(726,046)
Ending Net Assets	\$ -	\$ (1,743,167)	\$ (1,029,166)	\$ (57,684)
Unrestricted Net Assets	\$ -	\$ (1,761,417)	\$ (1,029,166)	\$ (57,684)
Unrestricted net assets as a percentage of total expenses	0.00%	-30.84%	-15.89%	-0.92%
Total Long Term Debt	\$ -	\$ 22,108,526	\$ 22,484,467	\$ 22,700,057
ADA at P2	-	248	327	315

The School's ending net assets has decreased by \$1,685,483 (2,922%) over the past two fiscal years. The significant decrease is in large due to the implementation of ASC 842. The School has discontinued operations as of June 30, 2025, expecting full liquidation of remaining net assets by June 30, 2026. The dissolution process is dependent, in part, on obtaining forgiveness or settlement of certain liabilities from creditors. While the School has not filed for bankruptcy, the inability to obtain such forgiveness or settlements may require the School to consider bankruptcy proceedings.

Average daily attendance (ADA) has decreased by 67 over the past two fiscal years.

Note 1:

AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

- 1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
- 2) The supplementary information relates to the same period as the financial statements.
- 3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
- 4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the School.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

See accompanying notes to supplementary information.

Contra Costa School of Performing Arts

Reconciliation of Unaudited Financial Report with Audited Financial Statements

Year Ended June 30, 2025

June 30, 2025 unaudited actual financial report net assets:	\$ (2,200,305)
Adjustments and reclassifications:	
Understatement of capital assets	452,377
Overstatement of accounts payable	<u>4,761</u>
Total adjustments and reclassifications	<u>457,138</u>
June 30, 2025 audited financial statements net assets:	<u><u>\$ (1,743,167)</u></u>

See accompanying notes to supplementary information.

Contra Costa School of Performing Arts

Notes to Supplementary Information

Year Ended June 30, 2025

A. Consolidating Statement of Financial Position

This schedule provides the information which consolidates the Organization's overall statement of net position, with eliminations for activities between the School and the LLC.

B. Consolidating Statement of Activities

This schedule provides the information by subdivision which combines into the Organization's overall statement of activities.

C. Consolidating Statement of Functional Expenses

This schedule provides the information by subdivision which combines into the Organization's overall statement of functional expenses.

D. Schedule of Average Daily Attendance

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

E. Schedule of Instructional Time

This schedule provides the information necessary to determine if the Organization's school has complied with Education Code §47612 & §47612.5 which require the following:

- 1) EC §47612: As a condition of apportionment 175 school days must be offered for traditional calendar. If a multi-track calendar is utilized, each track must offer 175 school days.
- 2) EC §47612.5: As a condition of apportionment the following annual instructional minutes must be offered:

• To pupils in Kindergarten	36,000 minutes
• To pupils in grades 1 to 3	50,400 minutes
• To pupils in grades 4 to 8	54,000 minutes
• To pupils in grades 9 to 12	64,800 minutes

Compliance with Education Code §47612 involves offering a minimum number of annual instructional minutes as defined by grade level. Non-classroom based charters do not have a requirement for auditing/testing offered instructional minutes, as a result, the offerings are not reported in the schedule of instructional time.

An LEA that closed due to a qualifying emergency in the 2024-25 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

Contra Costa School of Performing Arts
Notes to Supplementary Information, Continued
Year Ended June 30, 2025

F. Schedule of Financial Trends and Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the Organization's school will not be able to continue operations in the next fiscal year. Based upon the information presented, the Organization's school has discontinued operations effective June 30, 2025 and has begun liquidation of assets and liabilities.

G. Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported on the Unaudited Financial Report Alternative Forms prepared by the Organization's school to the net assets reported in the audited financial statements.

See accompanying notes to supplementary information.

Other Information

Contra Costa School of Performing Arts

Organization Structure

Year Ended June 30, 2025

Contra Costa School of Performing Arts (Charter #1773) was established in 2015. The authorizing entity is Contra Costa County Office of Education.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Heather Vega	Chair	Two Year Term Expires December 2025
Greg Ponikvar	Member	Two Year Term Expires December 2025
Vacant	Member	
Vacant	Member	
Vacant	Member	
Vacant	Member	

ADMINISTRATION

Catherine Foster
Executive Director

Other Independent Auditor's Reports



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's 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

To the Board of Directors of
Contra Costa School of Performing Arts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Contra Costa School of Performing Arts (the Organization) which comprise the Organization's statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Contra Costa School of Performing Art's Response to Finding

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

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
December 15, 2025



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on State Compliance and on Internal Controls over State Compliance

To the Board of Directors
Contra Costa School of Performing Arts

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited Contra Costa School of Performing Arts (the School) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the School's statutory requirements identified below for the year ended June 30, 2025.

In our opinion, the School 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 their applicable state programs for the year ended June 30, 2025.

Basis for Opinion on Each Applicable State Program

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each applicable state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the School's compliance with the state laws and regulations applicable to the following items:

	Procedures Performed
<u>School Districts, County Offices of Education, and Charter Schools</u>	
T. Proposition 28 Arts & Music in Schools.....	Yes
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
Z. Immunizations.....	Yes
AZ. Educator Effectiveness.....	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G).....	No
CZ. Career Technical Education Incentive Grant.....	N/A
DZ. Expanded Learning Opportunities Program (ELO-P).....	Yes
EZ. Transitional Kindergarten.....	N/A
FZ. Kindergarten Continuance.....	N/A
<u>Charter Schools</u>	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom-Based Instruction/Independent Study.....	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction.....	N/A
EE. Annual Instructional Minutes - Classroom Based.....	Yes
FF. Charter School Facility Grant Program.....	N/A

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

We did not perform procedures for Expanded Learning Opportunities Grant (ELO-G) because ELO-G amounts were fully expended in prior years.

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 and which are described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004. Our opinion on each applicable state program is not modified with respect to these matters.

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

Report on Internal Control over State Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We did not identify any material weaknesses in internal control over compliance; however, material weaknesses may exist that were not identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-003 to be a significant deficiency.

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

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

El Cajon, California
December 15, 2025

Auditor's Results, Findings & Recommendations

Contra Costa School of Performing Arts
Schedule of Auditor's Results
Year Ended June 30, 2025

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> X </u> Yes	<u> </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> X </u> Yes	<u> </u> No
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies</i> ?		
	<u> X </u> Yes	<u> </u> No

Contra Costa School of Performing Arts

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
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

A. Financial Statement Findings

Finding Number: 2025-001
Repeat Finding: No
Description: Internal Controls and Year-End Closing Process
Finding Type: Internal Controls (30000)

Criteria or Specific Requirements

Management is responsible for designing and implementing a system of internal controls over financial reporting that provides reasonable assurance that misstatements affecting the financial statements are prevented or detected and corrected through normal operating procedures. Financial controls for best business practices should include proper year end closing procedures, including the reconciliation of balance sheet accounts.

Condition

During our audit we identified the following conditions which indicate that management or employees, in the normal course of performing their assigned functions, did not prevent or detect and correct misstatements on a timely basis:

- Capital assets were understated by \$360,000 due to depreciation being recorded in excess of amounts supported by underlying assets.
- ROU asset balances were overstated by \$92,377 as a result of calculation errors.
- The School improperly recorded a \$350,000 loan that belonged to the LLC, requiring reclassification.
- Bond issuance costs were overstated by \$31,218 due to failure to amortize costs.

Contra Costa School of Performing Arts Schedule of Findings and Questioned Costs, Continued Year Ended June 30, 2025

- Cash balances were not properly reconciled.
- Bond discount was overstated by \$52,088 due to failure to record amortization.
- Audit adjustments were required to correct the financial statements.

Cause

The School did not adequately reconcile financial records to ensure accurate financial reporting prior to closing the books and completing the UARs submitted to oversight agencies.

Effect

Material misstatements were not detected or corrected through normal operating procedures. The School is exposed to risk of material misstatements, whether due to error or fraud. Audit adjustments were required in order to present the financial statements in accordance with Generally Accepted Accounting Principles.

Context

Internal control deficiencies were identified in multiple areas of the audit that in aggregate represent significant deficiencies to the School in the internal control process.

Recommendation

We recommend the School take the following steps to remedy the significant deficiencies in internal control:

- Establish reconciliation procedures for all balance sheet accounts on the financial statements.
- Establish review procedures over the accounting processes.

Views or Responsible Officials

See Corrective Action Plan

B. State Award Findings

Finding Number: 2025-002
Repeat Finding: No
Program Name: Expanded Learning Opportunities (ELO-P)
Type of Finding: State Compliance (40000)

Criteria or Specific Requirement

Education Code §46120 requires a charter school receiving ELO-P funding to operate a program for students that extends the school day to nine hours on every school day as well as provide an additional 30 supplemental days

Condition

In our review of ELO-P, we noted that the School did not operate a program that extended the school day to nine hours and did not offer 30 supplemental days to students.

Cause

The School did not operate a program due to low interest among the students population.

Contra Costa School of Performing Arts
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2025

Effect

The School was non in compliance with Education Code §46120.

Potential Fiscal Impact

The finding results in the following penalty:

LEA Funding Rate	Rate 2
ELO-P Entitlement	\$ 50,000
Section A - Offering & Access	
Total Classroom-Based Enrollment, Grades TK/K-6	40
Total Classroom-Based UPC, Grades TK/K-6	15
Students Eligible for ELO-P Offering and Access	15
Number of Eligible Students Not Offered and Provided Access to ELO-P	-
Proportion Penalty Factor	-
ELO-P Offering and Access Penalty [EC §46120(c)(2)]	\$ -
Section B - Days	
Instructional Days	180
ELO-P offered instructional days totaling 9 hours [EC §46120(b)(1)(A)]	
or	0
ELO-P offered instructional days totaling 8 hours for frontier designated school [EC §46120(b)(1)(C) & (g)(2)]	
Required Intersession ELO-P days	30
Actual ELO-P intersession days totaling 9 hours	0
ELO-P Days Short	210
Penalty Factor	0.0049
Penalty Calculation	\$ 50,000
Total Penalty	\$ 50,000

Context

ELO-P was established by legislature to ensure every student in California had an opportunity to participate in extended services that provide for a safe environment and enrichment programs. It is the intent of legislature that the expanded learning programs be student-centered, results driven, include community partners, and complement, but not replicate learning activities of the regular school day. Charter Schools cannot opt out the program until the 2025-26 fiscal year.

Recommendation

Establish an after school and summer enrichment program that will encourage participation of students. The program should focus on developing the academic, social, and physical needs of interest of students through hands-on engaging learning experiences.

Views of Responsible Officials

See Corrective Action Plan

Contra Costa School of Performing Arts
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2025

Finding Number: 2025-003
Repeat Finding: Yes
Program Name: Unduplicated Pupil Count
Type of Finding: State Compliance (40000)

Criteria or Specific Requirement

Verify that the School has accurately reported unduplicated pupil counts on the CalPADS Certification Report 1.18 – Free or Reduced Price Meals (FRPM)/English Learner/Foster Youth – Count. Each year on Census Day (first Wednesday in October) the School submits CalPADS Certification Report 1.17 – Free or Reduced Price Meals (FRPM)/English Learner/Foster Youth – Count which calculates the School’s unduplicated pupils percentage that is used to determine supplemental and concentration grant amounts. The percentage is equal to the unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth (EC §2574(b)(2) and §42238.02(b)(1)) with eligible students being counted only once. Accurate reporting is necessary to ensure the School receives the correct amount of supplemental and concentration grants included in the local control funding formula apportionment.

Condition

During our audit of unduplicated pupil count, the School was unable to provide sufficient backup documentation for five out of five of the students tested.

Cause

The School was unable to locate or provide supporting documentation for five out of the five students tested. As a result, the School could not demonstrate that valid eligibility documentation was on file during the audit period, nor verify that students were properly classified as English Learners.

Potential Fiscal Impact

\$9,654 of supplemental and concentration grant funding using the CDE finding calculator.

Effect

The School has overreported the unduplicated pupil percentage for the fiscal year ended June 30, 2025 which results in an overstatement of supplemental and concentration grant funding of \$9,654 with adjusted counts as follows:

	Funded Under LCFF	Audit Adjustments	Adjustment Counts
Total Enrollment	285	-	285
Unduplicated Pupil Count			
Free/Reduced Price Meal Program (FRPM)	-	-	-
English Learner (ELAS)	17	(17)	-
Both FRPM & ELAS	-	-	-
Other Funded (Direct Certification, ect.)	83	-	83
Total Unduplicated Pupil Count	100	(17)	83

Contra Costa School of Performing Arts

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2025

Context

During our audit of unduplicated pupil count, the School was unable to provide supporting documentation for five out of the five students sampled in the “English Learner” category. As a result, all sampled students in this category were considered in error, which was then extrapolated to the full “English Learner” population.

Recommendation

Establish a review process over CalPADS reporting to ensure errors are detected and corrected prior to final certification and submission of CalPADS reporting.

Views of Responsible Officials

See Corrective Action Plan

Finding Number: 2025-004
 Repeat Finding: No
 Description: Attendance
 Finding Type: State Compliance (10000)

Criteria or Specific Requirement

Charter schools are required to accurately report Average Daily Attendance (ADA) by distinguishing between classroom based and non-classroom based (independent study) categories. Classroom based ADA requires in-person instruction, daily attendance records, and compliance with instructional time and curriculum standards. Non-classroom-based ADA requires written independent study agreements, documentation of regular teacher-student interaction, and maintenance of detailed records, in accordance with Education Code Section 47612.5.

Condition

During our audit, we noted that the charter school reported classroom based ADA as non-classroom based ADA in its annual attendance report submitted to the California Department of Education (CDE). Specifically, 230.83 units of ADA were reported as non-classroom based but did not meet the requirements for non-classroom based ADA. These units did, however, meet the requirements for classroom based ADA.

Cause

The misclassification occurred due to a error made while entering the data into the system.

Potential Fiscal Impact

N/A

Effect

As a result, 230.83 units of ADA were misreported as non-classroom based instead of classroom based.

Recommendation

We recommend that the charter school implement procedures to ensure accurate classification and reporting of ADA. Attendance records should be reviewed for compliance with the requirements for each ADA category, and staff should be trained on the distinctions between classroom based and non-classroom based ADA.

Views of Responsible Officials

See Corrective Action Plan

[CHARTER SCHOOL LETTERHEAD]

December 15, 2025

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Contra Costa School of Performing Arts

Corrective Action Plan

Year Ended June 30, 2025

Financial Statement Finding:

Finding Number: 2025-001
Description: Internal Controls and year-End Closing Process
Contact Person:
Anticipated Completion Date:

Planned Corrective Action:

State Compliance Findings:

Finding Number: 2025-002
Description: Expanded Learning Opportunities (ELO-P)
Contact Person:
Anticipated Completion Date:

Planned Corrective Action:

Finding Number: 2025-003
Description: Unduplicated Pupil Count
Contact Person:
Anticipated Completion Date:

Planned Corrective Action:

Finding Number: 2025-004
Description: Attendance
Contact Person:
Anticipated Completion Date:

Planned Corrective Action:

Contra Costa School of Performing Arts

Schedule of Prior Year Audit Findings

Year Ended June 30, 2025

Finding/Recommendation	Status	Explanation if Not Implemented
<p>Finding 2024-001 Immunizations Attendance (10000) In review of Immunization records, it was noted that two of the selected students immunization records could not be located.</p>		
<p>It was recommended to establish a review process over immunization records to ensure students missing required vaccines are not included in attendance.</p>	Implemented	
<p>Finding 2024-002 Unduplicated Pupil Count State Compliance (40000)</p>		
<p>In review of unduplicated pupil count, it was noted that the School was unable to provide sufficient backup documentation for 16 out of 16 of the students tested.</p>		
<p>It was recommended to establish a written process for CalPADS reporting to ensure accurate and complete reporting. Provide training to all new employees responsible for reporting CalPADS data.</p>	Not Implemented	See Finding 2025-003
<p>Finding 2024-003 Mode of Instruction and Instructional Time State Compliance (40000)</p>		
<p>In review of teacher credentials, it was noted that two teachers did not hold valid teaching credentials for portions of the 2023-24 school year. As a result of these teachers lacking valid teaching credentials during the 2023-24 year, students in grades 6 and 8-12 did not receive the minimum required instructional minutes for the school year.</p>		
<p>It was recommended to establish a review process over teacher credentials to ensure teachers missing required credentials are not the only credentialed employees in a classroom over students until their credential problems are solved.</p>	Implemented	