



Charthouse Public
Schools DBA Contra
Costa School of
Performing Arts
Charter #1773

Audit Report

June 30, 2021



Contra Costa School of Performing Arts

Financial Statements and Supplemental Information

Year Ended June 30, 2021

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Contra Costa School of Performing Arts (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statement of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *2020-21 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California

February 15, 2022

Financial Statements

Contra Costa School of Performing Arts

Consolidated Statement of Financial Position

June 30, 2021

Assets

Cash and cash equivalents	\$	1,795,280
Accounts receivable		983,156
Prepaid expenses		29,486
Security deposits		2,515
Other assets cost of issuance		608,097
Property and equipment, net		13,523,177
Total Assets	\$	<u>16,941,711</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$	265,753
Accrued payroll liabilities		93,285
Unearned revenue		202,528
Note payable		50,008
Bonds payable, net of discount and costs		15,404,574
Total Liabilities		<u>16,016,148</u>

Net Assets

Without donor restrictions		
Undesignated		2,806,960
Invested in property and equipment, net of related debt		<u>(1,881,397)</u>
		<u>925,563</u>
Total Net Assets		<u>925,563</u>
Total Liabilities and Net Assets	\$	<u>16,941,711</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 1,803,425	\$ -	\$ 1,803,425
Education protection account state aid	87,340	-	87,340
Transfers in lieu of property taxes	2,060,691	-	2,060,691
Total LCFF sources	3,951,456	-	3,951,456
Federal contracts and grants	-	273,544	273,544
PPP loan forgiveness	-	579,965	579,965
State contracts and grants	136,194	463,320	599,514
Local contracts and grants	15,050	-	15,050
Donations and fundraising	129,783	-	129,783
Interest income	77	-	77
Net assets released from restriction -			
Grant restrictions satisfied	1,316,829	(1,316,829)	-
Total revenue, support, and gains	5,549,389	-	5,549,389
Expenses and Losses			
Program services expense	3,494,852	-	3,494,852
Supporting services expense	1,629,932	-	1,629,932
Total expenses and losses	5,124,784	-	5,124,784
Change in Net Assets	424,605	-	424,605
Net Assets, Beginning of Year	500,958	-	500,958
Net Assets, End of Year	\$ 925,563	\$ -	\$ 925,563

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Supporting Services		Total
	Educational Programs	Management and General	Fundraising and Development	
Salaries and wages	\$ 2,245,469	\$ 124,442	\$ -	\$ 2,369,911
Pension expense	268,790	14,896	-	283,686
Other employee benefits	257,452	14,268	-	271,720
Payroll taxes	63,454	3,517	-	66,971
Fees for services:				
Management	-	123,892	-	123,892
Legal	-	51,695	-	51,695
Audit	-	6,800	-	6,800
Other fees - Professional consulting	5,385	300	-	5,685
Other fees - District oversight	-	40,181	-	40,181
Other fees - Banking and service charges	-	988	-	988
Advertising and promotion	-	24,613	-	24,613
Operation and housekeeping	116,793	45,107	-	161,900
Information technology	75,896	-	-	75,896
Communications	19,300	4,826	-	24,126
Rental, leases, and repairs	133,845	67,217	-	201,062
Travel and conferences	1,476	-	-	1,476
Conferences, conventions, and meetings	50,121	-	-	50,121
Interest	-	717,277	-	717,277
Depreciation	283,681	14,554	-	298,235
Amortization	-	15,032	-	15,032
Insurance	-	47,864	-	47,864
Other expenses:				
Books and supplies	188,293	14,194	-	202,487
Special education encroachment	28,073	-	-	28,073
Dues and memberships	15,231	-	-	15,231
Miscellaneous	-	36,582	3,280	39,862
Total expenses by function	\$ 3,753,259	\$ 1,368,245	\$ 3,280	\$ 5,124,784

The accompanying notes are an integral part of this statement.

Contra Costa School of Performing Arts

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities

Receipts from federal, state, and local contracts and grants	\$ 3,113,942
Receipts from property taxes	2,188,758
Other receipts	144,910
Payments for salaries and benefits	(3,107,429)
Payments to vendors	(2,256,284)

Net Cash Provided by Operating Activities 83,897

Cash Flows from Investing Activities

Purchases of property and equipment	<u>(13,696,097)</u>
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Net Cash Used for Investing Activities (13,696,097)

Cash Flows from Financing Activities

PPP loan forgiveness	(579,965)
Principal payment on notes payable	(49,998)
Issuance of bonds payable	<u>15,404,574</u>

Net Cash Provided by Financing Activities 14,774,611

Net Change in Cash and Cash Equivalents 1,162,411

Cash and Cash Equivalents, Beginning of Year 632,869

Cash and Cash Equivalents, End of Year \$ 1,795,280

Reconciliation of Change in Net Assets to Net Cash

Used For Operating Activities

Change in net assets	\$ 424,605
Adjustments to reconcile change in net assets to net cash:	
Depreciation and amortization	313,267
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	(304,307)
Prepaid expenses	3,579
Other assets cost of issuance	(608,097)
Increase (Decrease) in liabilities	
Accounts payable	167,463
Accrued payroll liabilities	(115,141)
Unearned revenue	<u>202,528</u>

Net Cash Provided by Operating Activities \$ 83,897

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, 2021

A. Principal Activity and Summary of Significant Accounting Policies

Organization Structure

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 related entity, 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 organizations. 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 receivables consist primarily of noninterest-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 Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

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 statements 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, 2021.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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 Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

Revenue and Revenue Recognition

The Organization recognizes revenue from sales when the products are transferred, and services are provided. The School records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing 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.

Advertising

Advertising costs are expensed as incurred and approximated \$24,613 during the year ended June 30, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional bases 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.

Income Taxes

The School 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 School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2021, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The LLC is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The LLC is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2021, 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 School 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, 2021.

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the School 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.

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 School 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 contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The School'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 71% of the School's revenue.

The School is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

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 2020-21 fiscal year:

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

Description	Date Issued
FASB Accounting Standards Update 2017-11 - <i>Earnings Per Share (Topic 260)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Distinguishing Liabilities from Equity (Topic 480)</i>	Jan-18
FASB Accounting Standards Update 2017-11 - <i>Derivatives and Hedging (Topic 815)</i>	Jan-18
FASB Accounting Standards Update 2019-05 - <i>Financial Instruments, Credit Losses (Topic 326)</i>	May-19
FASB Accounting Standards Update 2019-11 - <i>Codification Improvements to Financial Instruments, Credit Losses (Topic 326)</i>	Nov-19
FASB Accounting Standards Update 2020-03 - <i>Codification Improvements to Financial Instruments</i>	Mar-20
FASB Accounting Standards Update 2020-04 - <i>Reference Rate Reform (Topic 848)</i>	Mar-20
FASB Accounting Standards Update 2021-01 - <i>Reference Rate Reform (Topic 848)</i>	Jan-21
FASB Accounting Standards Update 2021-03 - <i>Intangibles Goodwill and Other (Topic 350)</i>	Mar-21

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 School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 15, 2021, the date the financial statements were available to be issued.

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

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	\$ 1,222,950	\$ 572,330	\$ 1,795,280
Accounts receivable	958,784	24,372	983,156
Prepaid expenses	29,486	-	29,486
	\$ 2,211,220	\$ 596,702	\$ 2,807,922

C. Fair Value Measurements and Disclosure

The LLC 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 School 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, considering 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 Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2021:

<u>Assets</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Operating investments:				
Cash and money market funds	\$ 572,330	\$ 572,330	\$ -	\$ -
	<u>\$ 572,330</u>	<u>\$ 572,330</u>	<u>\$ -</u>	<u>\$ -</u>

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents on June 30, 2021, consisted of the following:

	<u>Contra Costa School of Performing Arts</u>	<u>2730 Mitchell Drive LLC</u>	<u>Total</u>
Cash in bank accounts	\$ 1,222,950	\$ -	\$ 1,222,950
Cash in money market accounts	<u>-</u>	<u>572,330</u>	<u>572,330</u>
Total cash and cash equivalents	<u>\$ 1,222,950</u>	<u>\$ 572,330</u>	<u>\$ 1,795,280</u>

Cash in Bank

A portion of the School's cash, \$1,222,950, 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, 2021, the School held \$974,266 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 believe it is not exposed to any significant credit risk.

Cash Equivalents and Investments

The LLC maintains cash in money market funds (\$572,330 as of June 30, 2021). 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 Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

E. Accounts Receivable

As of June 30, 2021, The Organization's accounts receivable consisted of the following:

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC	Total
Federal Government			
Special Education	\$ 59,650	\$ -	\$ 59,650
Other Federal Programs	24,622	-	24,622
State Government			
State Aid	621,294	-	621,294
Lottery Funding	63,028	-	63,028
Special Education	190,190	-	190,190
Other Local Sources			
Other local sources	-	24,372	24,372
Total Accounts Receivable	<u>\$ 958,784</u>	<u>\$ 24,372</u>	<u>\$ 983,156</u>

F. Prepaid Expenses

As of June 30, 2021, the School's prepaid expenses consisted of the following:

	Contra Costa School of Performing Arts
Prepaid health insurance	<u>\$ 29,486</u>
Total Prepaid Expenses	<u>\$ 29,486</u>

G. Property and Equipment

Property and equipment for the School consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	\$ 10,000	\$ -	\$ -	\$ 10,000
Equipment, Furniture, and Fixtures	428,435	-	-	428,435
Total Depreciable Capital Assets	<u>438,435</u>	<u>-</u>	<u>-</u>	<u>438,435</u>
Total Capital Assets	438,435	-	-	438,435
Less Accumulated Depreciation	(298,088)	(58,216)	-	(356,304)
Capital Assets, Net	<u>\$ 140,347</u>	<u>\$ (58,216)</u>	<u>\$ -</u>	<u>\$ 82,131</u>

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

Property and equipment for the LLC consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	\$ -	\$ 13,681,065	\$ -	\$ 13,681,065
Total Depreciable Capital Assets	-	13,681,065	-	13,681,065
Total Capital Assets	-	13,681,065	-	13,681,065
Less Accumulated Depreciation	-	(240,019)	-	(240,019)
Capital Assets, Net	\$ -	\$ 13,441,046	\$ -	\$ 13,441,046

Consolidated property and equipment for the Organization consisted of the following at June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	\$ 10,000	\$ 13,681,065	\$ -	\$ 13,691,065
Equipment, Furniture, and Fixtures	428,435	-	-	428,435
Total Depreciable Capital Assets	438,435	13,681,065	-	14,119,500
Total Capital Assets	438,435	13,681,065	-	14,119,500
Less Accumulated Depreciation	(298,088)	(298,235)	-	(596,323)
Capital Assets, Net	\$ 140,347	\$ 13,382,830	\$ -	\$ 13,523,177

H. Accounts Payable

As of June 30, 2021, the Organization's accounts payable consisted of the following:

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC
Vendors	\$ 160,385	\$ 25,505
Lease payments	46,246	-
Due to grantor governments	33,617	-
Total Accounts Payable	\$ 240,248	\$ 25,505

I. Accrued Payroll and Related Liabilities

As of June 30, 2021, the School's accrued payroll and related liabilities consisted of the following:

	Contra Costa School of Performing Arts
Salaries payable	\$ 53,700
Payroll taxes payable	39,585
Total Accrued Payroll & Related	\$ 93,285

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

J. Unearned Revenue

At year end the School had performance obligations remaining to expend funds for multiple grants. As such, unexpected cash received is reflected in unearned revenue.

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2021:

Unearned Revenue, beginning of period	\$	-
Increases in deferred revenue due to cash received during the period		202,528
Decreases in deferred revenue due to performance obligations met during the period		-
Unearned Revenue, end of period	<u>\$</u>	<u>202,528</u>

As of June 30, 2021, unearned revenue consisted of the following:

Expanded Learning Opportunity (ELO)	\$	137,490
In-Person Instruction (IPI)		<u>65,038</u>
Total Unearned Revenue	<u>\$</u>	<u>202,528</u>

K. Bonds and Notes Payable

On 7/12/16 the School entered into a loan agreement with the California Finance Authority under the Charter School Revolving Loan Fund Program to supplement cash flows during implementation years. The agreement provided for annual payments of \$50,000 plus accrued interest for a period of 5 years. Payments included interest at a rate of 0.58%. As of June 30, 2021, the School was obligated for the following payments:

Year Ending June 30,	Principal	Interest	Total
2021	<u>\$ 50,000</u>	<u>\$ 8</u>	<u>\$ 50,008</u>
	<u>\$ 50,000</u>	<u>\$ 8</u>	<u>\$ 50,008</u>

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

On September 1, 2020, the LLC issued bonds through California Finance Authority. The LLC 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 payables consist of the following at June 30, 2021:

Principal amount	\$ 16,350,000
Less unamortized discounts and debt issuance costs	(945,426)
	\$ 15,404,574

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 567,450	\$ 567,450
2023	-	721,617	721,617
2024	13,750	904,950	918,700
2025	166,250	903,919	1,070,169
2026	181,250	891,550	1,072,800
2027-2031	1,085,000	4,283,675	5,368,675
2032-2036	1,416,250	3,951,063	5,367,313
2037-2041	1,853,333	3,516,219	5,369,552
2042-2046	2,416,250	2,497,977	4,914,227
2047-2051	3,169,583	2,205,065	5,374,648
2052-2056	4,138,750	1,232,092	5,370,842
2057-2058	1,909,584	156,704	2,066,288
	\$ 16,350,000	\$ 21,832,281	\$ 38,182,281

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

L. Operating Leases

On September 1, 2020, the School entered into a lease with 2730 Mitchell Drive LLC for school space with a term through May 25, 2058. The following schedule represents the future minimum lease payments:

Year Ended June 30	Operating Leases
2022	\$ 567,450
2023	721,617
2024	918,700
2025	1,070,169
2026	1,072,800
2027-2031	5,368,675
2032-2036	5,367,313
2037-2041	5,369,552
2042-2046	5,364,227
2047-2051	5,374,648
2052-2056	5,370,842
2057-2058	2,066,287
Total minimum lease payments	\$ 38,632,280

Rent expense for the year ended June 30, 2021, totaled \$855,956.

M. Employee Retirement System

Qualified employees are covered under a multiple-employer defined benefit pension plan by an agency 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.

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

The School’s participation in this plan for the fiscal year ended June 30, 2021, 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 2021, 2020 and 2019 is for the plan’s year-end at June 30, 2021, 2020 and 2019, 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.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/ Implemented	
		2021	2020	2019		
CalSTRS	07069	Yellow	Yellow	Yellow	No	
		Contributions			Number of Employees	Surcharge Imposed
Pension Fund	2021	2020	2019			
CalSTRS	\$ 283,686	\$ 272,517	\$ 270,894	34	No	
Total	\$ 283,686	\$ 272,517	\$ 270,894	34		

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, 2021, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 16.15% 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, 2021, the State contributed \$179,970 (10.328% of certificated salaries plus an additional supplemental amount) on behalf of the School.

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

N. 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 2016-02 - <i>Leases (Topic 842)</i>	Feb-16	2022-23
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill & Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2017-12 - <i>Derivatives and Hedging (Topic 815)</i>	Aug-17	2021-22
FASB Accounting Standards Update 2018-01 - <i>Leases (Topic 842)</i>	Jan-18	2022-23
FASB Accounting Standards Update 2018-10 - <i>Codification Improvements to Topic 842 Leases</i>	Jul-18	2021-22
FASB Accounting Standards Update 2018-11 - <i>Leases Targeted Improvements (Topic 842)</i>	Jul-18	2022-23
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-14 - <i>Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)</i>	Aug-18	2022-23
FASB Accounting Standards Update 2018-15 - <i>Intangibles, Goodwill and Other, Internal Use Software (Topic 350-40)</i>	Aug-18	2021-22
FASB Accounting Standards Update 2018-16 - <i>Derivatives and Hedging (Topic 815)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-17 - <i>Consolidation (Topic 810)</i>	Oct-18	2021-22
FASB Accounting Standards Update 2018-18 - <i>Collaborative Arrangements (Topic 808)</i>	Nov-18	2021-22
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2018-20 - <i>Leases (Topic 842)</i>	Dec-18	2022-23
FASB Accounting Standards Update 2019-01 - <i>Leases (Topic 842)</i>	Mar-19	2022-23
FASB Accounting Standards Update 2019-02 - <i>Entertainment Film Costs (Topic 926-20)</i>	Mar-19	2021-22
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2019-10 - <i>Derivatives and Hedging (Topic 815)</i>	Nov-19	2021-22
FASB Accounting Standards Update 2019-12 - <i>Income Taxes (Topic 740)</i>	Dec-19	2022-23
FASB Accounting Standards Update 2020-01 - <i>Investments (Topics 321, 323, and 815)</i>	Jan-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Revenue from Contracts with Customers (Topic 606)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-05 - <i>Leases (Topic 842)</i>	Jun-20	2022-23
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-07 - <i>Not-For-Profit Entities (Topic 958)</i>	Sep-20	2021-22
FASB Accounting Standards Update 2020-08 - <i>Codification Improvements for Receivables (Topic 310-20)</i>	Oct-20	2022-23
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-02 - <i>Franchisors Revenue (Topic 952-606)</i>	Jan-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Earnings Per Share (Topic 260)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Debt Modifications and Extinguishments (Topic 470-50)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Stock Compensation (Topic 718)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-04 - <i>Derivatives and Hedging (Topic 815-40)</i>	May-21	2022-23
FASB Accounting Standards Update 2021-05 - <i>Leases (Topic 842)</i>	Jul-21	2022-23
FASB Accounting Standards Update 2021-07 - <i>Stock Compensation (Topic 718)</i>	Oct-21	2022-23
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2021-09 - <i>Leases (Topic 842)</i>	Nov-21	2022-23

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 updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

Contra Costa School of Performing Arts
Notes to the Consolidated Financial Statements (Continued)
Year Ended June 30, 2021

O. COVID-19 Impact and Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting Contra Costa School of Performing Arts from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. Contra Costa School of Performing Arts established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California schools are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The School has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Supplementary Information

Contra Costa School of Performing Arts

Consolidating Statement of Financial Position

June 30, 2021

	Contra Costa School of Performing Arts	2730 Mitchell Drive LLC	Elimination	Total
Assets				
Cash and cash equivalents	\$ 1,222,950	\$ 572,330	\$ -	\$ 1,795,280
Accounts receivable	958,784	24,372	-	983,156
Prepaid expenses	29,486	-	-	29,486
Security deposits	2,515	-	-	2,515
Deferred rent	-	585,434	(585,434)	-
Other assets cost of issuance	-	608,097	-	608,097
Property and equipment, net	82,131	13,441,046	-	13,523,177
Total Assets	\$ 2,295,866	\$ 15,231,279	\$ (585,434)	\$ 16,941,711
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 240,248	\$ 25,505	-	\$ 265,753
Accrued payroll liabilities	93,285	-	-	93,285
Deferred rent liability	585,434	-	(585,434)	-
Unearned revenue	202,528	-	-	202,528
Notes payable	50,008	-	-	50,008
Bonds payable, net of discount and costs	-	15,404,574	-	15,404,574
Total Liabilities	1,171,503	15,430,079	(585,434)	16,016,148
Net Assets				
Without donor restrictions				
Undesignated	1,042,232	1,764,728	-	2,806,960
Invested in property and equipment, net of related debt	82,131	(1,963,528)	-	(1,881,397)
	1,124,363	(198,800)	-	925,563
Total Net Assets	1,124,363	(198,800)	-	925,563
Total Liabilities and Net Assets	\$ 2,295,866	\$ 15,231,279	\$ (585,434)	\$ 16,941,711

Contra Costa School of Performing Arts

Consolidating Statement of Activities

June 30, 2021

	Contra Costa School of Performing Arts		2730 Mitchell Drive LLC		Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	-		
Revenue, Support, and Gains						
Local Control Funding Formula (LCFF) sources						
State aid	\$ 1,803,425	\$ -	\$ -	\$ -	\$ -	\$ 1,803,425
Education protection account state aid	87,340	-	-	-	-	87,340
Transfers in lieu of property taxes	2,060,691	-	-	-	-	2,060,691
Total LCFF sources	<u>3,951,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,951,456</u>
Federal contracts and grants	-	273,544	-	-	-	273,544
PPP loan forgiveness	-	579,965	-	-	-	579,965
State contracts and grants	136,194	463,320	-	-	-	599,514
Local contracts and grants	15,050	-	-	-	-	15,050
Donations and fundraising	129,783	-	-	-	-	129,783
Rental income	-	-	772,961	(772,961)	-	-
Interest income	-	-	77	-	-	77
Net assets released from restriction -						
Grant restrictions satisfied	1,316,829	(1,316,829)	-	-	-	-
Total revenue, support, and gains	<u>5,549,312</u>	<u>-</u>	<u>773,038</u>	<u>(772,961)</u>	<u>-</u>	<u>5,549,389</u>
Expenses and Losses						
Program services expense	4,027,794	-	240,019	(772,961)	-	3,494,852
Supporting services expense	898,113	-	731,819	-	-	1,629,932
Total expenses and losses	<u>4,925,907</u>	<u>-</u>	<u>971,838</u>	<u>(772,961)</u>	<u>-</u>	<u>5,124,784</u>
Change in Net Assets	623,405	-	(198,800)	-	-	424,605
Net Assets, Beginning of Year	500,958	-	-	-	-	500,958
Net Assets, End of Year	<u>\$ 1,124,363</u>	<u>\$ -</u>	<u>\$ (198,800)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925,563</u>

Contra Costa School of Performing Arts

Consolidating Statement of Functional Expenses

June 30, 2021

	Contra Costa School of Performing Arts			2730 Mitchell Drive LLC			Elimination	Total
	Program Services	Supporting Services		Program Services	Supporting Services			
	Educational Programs	Management and General	Fundraising and Development	Educational Programs	Management and General			
Salaries and wages	\$ 2,245,469	\$ 124,442	\$ -	\$ -	\$ -	\$ -	\$ 2,369,911	
Pension expense	268,790	14,896	-	-	-	-	283,686	
Other employee benefits	257,452	14,268	-	-	-	-	271,720	
Payroll taxes	63,454	3,517	-	-	-	-	66,971	
Fees for services:								
Management	-	123,892	-	-	-	-	123,892	
Legal	-	51,695	-	-	-	-	51,695	
Audit	-	6,800	-	-	-	-	6,800	
Professional consulting	5,385	300	-	-	-	-	5,685	
District oversight	-	40,181	-	-	-	-	40,181	
Banking and service charges	-	988	-	-	-	-	988	
Advertising and promotion	-	24,613	-	-	-	-	24,613	
Operation and housekeeping	116,793	45,107	-	-	-	-	161,900	
Information technology	75,896	-	-	-	-	-	75,896	
Communications	19,300	4,826	-	-	-	-	24,126	
Rental, leases, and repairs	648,399	325,624	-	-	-	(772,961)	201,062	
Travel and conferences	1,476	-	-	-	-	-	1,476	
Conferences, conventions, and meetings	50,121	-	-	-	-	-	50,121	
Interest	-	490	-	-	716,787	-	717,277	
Depreciation	43,662	14,554	-	240,019	-	-	298,235	
Amortization	-	-	-	-	15,032	-	15,032	
Insurance	-	47,864	-	-	-	-	47,864	
Other expenses:								
Books and supplies	188,293	14,194	-	-	-	-	202,487	
Special education encroachment	28,073	-	-	-	-	-	28,073	
Dues and memberships	15,231	-	-	-	-	-	15,231	
Miscellaneous	-	36,582	3,280	-	-	-	39,862	
Total expenses by function	\$ 4,027,794	\$ 894,833	\$ 3,280	\$ 240,019	\$ 731,819	(772,961)	\$ 5,124,784	

See Accompanying Notes to Supplementary Information

Contra Costa School of Performing Arts

LEA Organization Structure
Year Ended June 30, 2021

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>
Deborah Padberg	Chair	Two Year Term Expires December 31, 2022
Marie Gil	Vice-Chair	Two Year Term Expires December 31, 2022
Heather Vega	Secretary	Two Year Term Expires December 31, 2022
David Wendt	Treasurer	Two Year Term Expires December 31, 2022
Tamara Gerlach	Member	Two Year Term Expires December 31, 2022

ADMINISTRATION

Robert Chalwell
Executive Director

Contra Costa School of Performing Arts

Schedule of Instructional Time

Year Ended June 30, 2021

<u>Grade Level</u>	<u>Minimum Daily Minutes Offered</u>	<u>Instructional Days Offered Multi-Track Calendar</u>	<u>J-13A Credited Days</u>	<u>Status</u>
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied
9th Grade	240	180	N/A	Complied
10th Grade	240	180	N/A	Complied
11th Grade	240	180	N/A	Complied
12th Grade	240	180	N/A	Complied

See Accompanying Notes to Supplementary Information

Contra Costa School of Performing Arts

Schedule of Financial Trends & Analysis

Year Ended June 30, 2021

	Budget 2022	2021	2020	2019
Revenues	\$ 6,223,411	\$ 5,549,389	\$ 4,932,308	\$ 5,109,526
Expenses	6,383,028	5,124,784	4,781,924	4,406,821
Change in Net Assets	(159,617)	424,605	150,384	702,705
Ending Net Assets	\$ 765,946	\$ 925,563	\$ 500,958	\$ 350,574
Unrestricted Net Assets	\$ 1,118,128	\$ 925,563	\$ 500,958	\$ 322,494
Unrestricted net assets as a percentage of total expenses	17.52%	18.06%	10.48%	7.32%
Total Long Term Debt	\$ 15,404,574	\$ 15,454,582	\$ 679,971	\$ 150,004
ADA at P2	493	N/A	432	422

The Organization's ending net assets has increased by \$574,989 (164.01%) over the past two fiscal years. The significant increase is in large due to additional funding received as a result of the COVID-19 pandemic. Restricted ending net assets include multi-year grants that will be expended over the next two to three years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

The 2021-22 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$765,946 and ADA is projected to be 493 for the 2021-22 fiscal year.

Contra Costa School of Performing Arts

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2021

June 30, 2021 annual financial alternative form net assets:	\$ 1,158,535
Adjustments and reclassifications:	
Understatement of accounts payable	(34,171)
Rounding	<u>(1)</u>
Total adjustments and reclassifications	<u>(34,172)</u>
June 30, 2021 audited financial statements net assets:	<u>\$ 1,124,363</u>

Contra Costa School of Performing Arts

Notes to Supplementary Information

Year Ended June 30, 2021

A. Purpose of Schedules

Consolidating Statement of Financial Position

This schedule provides the information by school which combines into the Organization's overall statement of net position, with eliminations for activities between the schools within the School.

Consolidating Statement of Activities

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

Consolidating Statement of Functional Expenses

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

LEA Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

Schedule of Instructional Time

In addition, this schedule provides the information necessary to determine if the Charter Schools have 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

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

Contra Costa School of Performing Arts

Notes to Supplementary Information (Continued)

Year Ended June 30, 2021

As a result of the COVID-19 pandemic, the School operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Instructional time for distance learning is calculated based on the time value of synchronous and/or asynchronous instruction and assignments made by and certified by a certificated employee of the LEA. Instructional time for in-person instruction is calculated based on time scheduled under the immediate physical supervision and control of a certificated employee of the LEA.

Schedule of Financial Trends & 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 will not be able to continue operations in the next fiscal year. Based upon the information presented, the Organization appears to have sufficient reserves to continue operations for the 2021-22 fiscal year.

Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

Other Independent Auditor's Reports

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 consolidated financial statements of Contra Costa School of Performing Arts, as of and for the year ended June 30, 2021, and the related notes to the consolidated financial statements, which collectively comprise Contra Costa School of Performing Arts' basic consolidated financial statements, and have issued our report thereon dated February 15, 2022.

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 the 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 School'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Wilkinson Hobbly King & Co., LLP

El Cajon, California

February 15, 2022

Independent Auditor's Report on State Compliance

To the Board of Directors
Contra Costa School of Performing Arts

Report on State Compliance

We have audited the Contra Costa School of Performing Arts's (the School) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning.....	Yes
B. Teacher Certification and Misassignments.....	N/A
C. Kindergarten Continuance.....	N/A
D. Independent Study.....	N/A
G. Instructional Materials.....	N/A
H. Ratio of Administrative Employees to Teachers.....	N/A
I. Classroom Teacher Salaries.....	N/A
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	N/A
L. School Accountability Report Card.....	N/A
O. K-3 Grade Span Adjustment.....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	N/A
S. District of Choice.....	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
Charter Schools	
AA. Attendance.....	Yes
BB. Mode of Instruction.....	Yes
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California

February 15, 2022

Auditor's Results, Findings & Recommendations

Contra Costa School of Performing Arts

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

 Yes X No

One or more significant deficiencies identified that are
not considered material weakness(es)?

 Yes X No

Noncompliance material to financial statements noted?

 Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported
in accordance with *2020-21 Guide for Annual Audits
of California K-12 Local Education Agencies*?

 Yes X No

Type of auditor's report issued on compliance for state programs:

Unmodified

Contra Costa School of Performing Arts

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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 *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
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

None

B. State Award Findings

None

CONTRA COSTA SCHOOL OF PERFORMING ARTS

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A