



Annual Financial Statements  
June 30, 2020

# San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

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June 30, 2020

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## Independent Auditor's Report

Board of Directors  
San Jose Conservation Corps Charter School  
San Jose, California

### Report on the Financial Statements

We have audited the accompanying financial statements of San Jose Conservation Corps Charter School (the Charter School), a division of San Jose Conservation Corps (the Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations. 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 Charter School'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 Charter School'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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter School, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Charter School are intended to present the financial position and changes in financial positions attributable to the transactions of the Charter School, a division of the San Jose Conservation Corps. They do not purport to, and do not, present fairly the financial position of the San Jose Conservation Corps as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The management's discussion and analysis is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report December 14, 2020 on our consideration of the Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.



San Mateo, California  
December 14, 2020

This discussion and analysis of the San Jose Conservation Corps Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2020, with comparative information for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Charter School's financial performance.

### **Mission and Charter School Structure**

The San Jose Conservation Corps Charter School (the Charter School) has operated as a part of the San Jose Conservation Corps (SJCC) Charter School since 2002. The mission of the Charter School is to provide youth with a quality high school education and teach valuable work and life skills that empower them to become responsible, productive and caring citizens. SJCC offers an on-site charter high school.

The students of the Charter School are without a high school diploma, are unemployed or employed in low-wage jobs, and are generally disconnected from education and job training systems. Many are on probation, trying to move away from gangs and negative behaviors, dealing with substance abuse, single parenting, and struggling with supporting themselves. The Charter School offers an educational safety net for these high-risk young women and men wanting to change their lives.

SJCC can be described as two components: (1) vocational training and (2) high school education. This Management Discussion and Analysis (MD&A) will solely comment on the high school education program (Charter School).

Under the direction of the Executive Director/Head of School, who also serves as the Charter School Superintendent of Education, the school operates as an independent district or local education agency (LEA). The Charter School has a charter through the East Side Union High School District (ESUHSD) and has accreditation from the Western Association of Schools and Colleges (WASC).

Fiscal year 2019-20 was the eighteenth year of operation of the Charter School as an LEA. Although the Charter School is an education arm of the nonprofit SJCC, it conducts its business separately and maintains its funding in separate bank accounts. Separate audits are conducted on the "conservation corps" and "charter school" operations.

### **Performance Goals and Results**

As an alternative program serving students who have dropped out of a traditional, comprehensive high school, ages 17 ½ and older, the key indicator for success centers around assisting students with acquiring the academic credits necessary to earn a high school diploma. All students who graduate hold skills and competencies in the areas of academic literacy, digital literacy, civic literacy, and college/career literacy. During the 2019-20 fiscal period, 130 former dropouts received their high school diploma. Other performance goals are in: work readiness skills (16 students); job skills and workplace orientation (184 students); academic assessments in math and reading (191 students); certification in cardiopulmonary resuscitation (CPR) and first aid (70 students); forklift certification (18 students); job training (226 students); financial literacy (200 students); and postsecondary planning and training (226 students).

### **Systems, Control and Legal Compliance**

The Charter School uses QuickBooks Enterprise Solutions as its general ledger software. Password protection provides control against unauthorized data usage and assigns responsibilities to the appropriate accounting staff.

The Charter School accounting staff consists of one Controller, a Contract Compliance Manager and three accounting staff members who report to the Controller. The accounting staff members have over thirty-seven years of combined experience in accounting and with the Charter School program operations.

To provide a series of accounting checks and balances, the Charter School has an established (1) Board of Director's monthly finance committee; (2) Finance Committee comprised of the Charter School staff and members of the Board of Directors; (3) School Principal to develop the budget and provide on-going oversight for charter school expenses, under the direction of the Executive Director; (4) Controller to oversee the Charter School accounting operations; (5) Audit Committee comprised of members of the Board of Directors and members outside the Charter School Charter School that meets in person or by phone with the CEO and Controller to discuss accounting operations twice per year; and (6) weekly managers meetings with the Executive Director to discuss the overall operations of SJCC and the Charter School.

The Charter School is committed to ensuring its financial activities are carried out in full compliance with applicable laws and regulations. To ensure this responsibility is carried out, the Executive Director directs annual reviews of financial operations and programs, and provides assurance to the California Attorney General (RRF-1) that the Charter School activities are compliant with laws and regulations as a nonprofit Charter School operating in the state.

Each fiscal year, the Charter School hires independent auditors to provide a separate audit report on SJCC (conservation corps) and CS (Charter School) operations.

## Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the Charter School.

- The basic financial statements are comprised of three statements: Statement of Financial Position, Statement of Activities and Statement of Cash Flow. Notes to the financial statements, which are included after the financial statements, provide more detailed data and explain some of the information in the statements.
- Supplementary information is required by the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations.

The management's discussion and analysis, is presented for the purposes of additional analysis and is not a required part of the financial statements. The section gives the reader an overview of the financial statements, current year's activities and future years' projections.

## The Charter School's Financial Position and Changes in Financial Position

The Statement of Financial Position provides a summary of the Charter School's net assets as of June 30, 2020 and 2019, see Table 1 below:

**Table 1 - Statement of Financial Position**

	2020	2019	Increase (Decrease)	Percent Change
<b>Assets</b>				
Current assets	\$ 616,473	\$ 233,806	\$ 382,667	164%
Capital assets	745,445	795,799	(50,354)	-6%
Total assets	<u>\$ 1,361,918</u>	<u>\$ 1,029,605</u>	<u>\$ 332,313</u>	32%
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities	\$ 339,777	\$ 208,919	\$ 130,858	63%
Long-term liabilities	95,175	192,265	(97,090)	-50%
Total liabilities	<u>434,952</u>	<u>401,184</u>	<u>33,768</u>	8%
<b>Net Assets</b>				
Without donor restrictions	926,966	585,310	341,656	58%
With donor restrictions	-	43,111	(43,111)	-100%
Total net assets	<u>926,966</u>	<u>628,421</u>	<u>298,545</u>	48%
Total liabilities and net assets	<u>\$ 1,361,918</u>	<u>\$ 1,029,605</u>	<u>\$ 332,313</u>	32%

Table 2 shows the changes in net assets for fiscal year 2019-20 and 2018-19.

<b>Table 2 - Statement of Activities</b>				
	2020	2019	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Local control funding formula sources	\$ 1,722,295	\$ 1,705,154	\$ 17,141	1%
Federal and state revenues	256,916	224,619	32,297	14%
Other - California State Preschool Program	132,185	187,999	(55,814)	-30%
All others	278	3,870	(3,592)	-93%
<b>Total revenues</b>	<b>2,111,674</b>	<b>2,121,642</b>	<b>(9,968)</b>	<b>-0.5%</b>
<b>Program Expenses</b>				
Personnel costs	1,241,849	1,271,317	(29,468)	-2%
Professional services	114,687	80,301	34,386	43%
Facilities	151,868	179,561	(27,693)	-15%
All other program services expenses	122,186	133,659	(11,473)	-9%
Depreciation and amortization	50,354	70,581	(20,227)	-29%
Pass-through to YWCA	132,185	187,999	(55,814)	-30%
<b>Total expenses</b>	<b>1,813,129</b>	<b>1,923,418</b>	<b>(110,289)</b>	<b>-6%</b>
<b>Change in Net Assets</b>	<b>\$ 298,545</b>	<b>\$ 198,224</b>	<b>\$ 100,321</b>	<b>51%</b>

The Charter School's total revenues remained generally stable, with a slight decrease by 0.5% due primarily to a reduction in the California State Preschool Program (CSPP) for a daycare (state funding). Average daily attendance remained stable and there was an increase in Federal funding from the Every Student Success Act (ESSA), which offset the reduction in state funding.

Overall expenses decreased by 6% due to a vacant teaching position and decreased facilities costs from maintaining one campus. The daycare program had a corresponding reduction in expenses which contributed to the overall decrease of total expenses.

The Charter School ended the year with net assets of \$926,966, which is a \$298,545 increase from last year's net assets of \$628,421.



**Charter School's Budgeting Highlights**

The Charter School's budget is prepared based on the accrual basis of accounting.

During the course of the 2019-20 fiscal year, the Charter School revised its budget two times - at 1st interim (December) and 2nd interim (March) maintaining the same ADA in the budget. However, there was an increase in budgeted revenues by \$144,693 and an increase in budgeted expenditures of \$123,906. The 2nd interim budgetary basis revenues and expenditures were \$2,150,110 and \$2,005,563, respectively. The original budgeted estimates for revenues and expenditures were \$2,005,417 and \$1,881,657, respectively. The overall increase in budgeted revenues was due to an increase in Federal Funding for Every Student Success Act (ESSA). The complexity of the Charter School population is a major factor when anticipating average daily attendance. As former dropouts, the school structure requires major adjustments for the students. Students over the age of 18 are not bound by compulsory laws that govern and mandate student attendance. Students attend solely as a result of motivational factors.

**Capital Assets**

At the end of the fiscal year 2019-20, the Charter School had \$745,445 invested in net capital assets.

**Table 3 - Summary of Capital Assets, Net of Depreciation**

Description	2020		2019		Percentage Change
	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	
Site improvements	\$ 851,622	\$ (208,951)	\$ 642,671	\$ 679,101	-5%
Buildings	213,796	(130,642)	83,154	94,366	-12%
Equipment	102,716	(83,096)	19,620	22,331	-12%
<b>Totals</b>	<b>\$ 1,168,134</b>	<b>\$ (422,689)</b>	<b>\$ 745,445</b>	<b>\$ 795,798</b>	<b>-6%</b>

### **Factors Bearing on the Charter School's Future**

The 2019-20 school year was built on the progress made in the previous school year. We continued to have a close and cohesive staff who worked together to ensure that the students were connected with the appropriate support services, helping them stabilize their lives and improving their ability to attend school with greater success. We continued our work with the El Dorado Charter SELPA, improving special education services for our students. Due to the COVID-19 pandemic, the school moved to distance learning mode in April and completed the year with the facilities closed to students.

The Charter School continued to maintain strong relationships with wrap-around service providers. The Young Women's Christian Association (YWCA) provides day care services to infants from 6 weeks to children up to five years old. As there are few infant providers in the area, this is a great resource for the school and the local community, with the capacity to serve 75 children. Counseling services are provided by Santa Clara County's Drug and Alcohol Services at no cost to the agency. Additional mental health services are provided through the contract with the mental health division of the YWCA to address mental health needs, specializing in domestic violence, relationships, and healthy choices. Other resources that are assisting with services are Vision2Learn, which provides free vision testing and eyeglasses to students and Loaves and Fishes, which provides free meals to students.

As an essential part of the school's mission, the Charter School continues to collaborate with the SJCC Career Technical Education (CTE) program, providing the opportunity for students to earn while they learn. Students who enrolled in both the CTE program and charter school alternated weeks of work and school and were able to continue to make progress toward graduation as well as earn a wage to support themselves and their family.

The Charter School adopted a new learning management system, Edgenuity, in order to provide a more individualized approach and more flexibility for students. The classes in Edgenuity are student-centered and provide access to courses that the Charter School would otherwise not be able to offer due to the small teaching staff. Furthermore, it provides a robust assessment tool for math and reading which helps teachers further target students' academic needs as they join the program and track academic progress as they complete coursework.

The State of California provides funding for the operations of the Charter School. Because of Proposition 98, education funding is a required item in the state budget. The Charter School is secure in receiving the funding each year. It would take a 2/3 majority vote in the state legislature to suspend Proposition 98 funding. This is a very unlikely scenario given the political risk of voting against education funding and because California ranks 46th in per-pupil spending compared to other states.

The funding model for California schools is based on a calculation called "Local Control Funding Formula" (LCFF). The LCFF is hallmark legislation that fundamentally changed how all local educational agencies in the state are funded. LCFF is based on a three-tiered framework, with the first tier, general assistance (based grant), made up of resources and assistance that is made available to all local educational agencies. Differentiated assistance (supplemental grant) is the second tier of assistance that one or more agency is required by statute to provide to local educational agencies that meet certain eligibility criteria. The third tier is intensive intervention (concentration grant), which is generally required based on persistent performance issues over a specified period of time. During 2019-20, approximately 82% of the Charter's funding is from the LCFF sources.

#### **Contacting the Charter School's Financial Management**

If you have any questions regarding this report or need additional information, contact the Controller, San Jose Conservation Corps and Charter School, at 1560 Berger Drive San Jose, CA 95112.

# San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Statement of Financial Position

June 30, 2020

Assets	
Current assets	
Cash and cash equivalents	\$ 137,940
Accounts receivable	360,991
Prepaid expenses	<u>117,542</u>
Total current assets	616,473
Non-current assets	
Property and equipment, net	<u>745,445</u>
Total assets	<u><u>\$ 1,361,918</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 28,453
Accrued liabilities	59,221
Accrued vacation	11,581
Deferred revenue	146,240
Due to San Jose Conservation Corps - current portion	<u>94,282</u>
Total current liabilities	<u>339,777</u>
Long-term liabilities	
Due to San Jose Conservation Corps - long-term portion	<u>95,175</u>
Total long-term liabilities	<u>95,175</u>
Total liabilities	<u>434,952</u>
Net Assets	
Without donor restrictions	<u>926,966</u>
Total net assets	<u>926,966</u>
Total liabilities and net assets	<u><u>\$ 1,361,918</u></u>

# San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Local control funding formula	\$ 1,722,295	\$ -	\$ 1,722,295
Federal revenue	-	159,914	159,914
State revenue	9,247	87,755	97,002
Child care pass-through grant	-	132,185	132,185
Interest income	278	-	278
Net assets released from restrictions	422,965	(422,965)	-
	<b>2,154,785</b>	<b>(43,111)</b>	<b>2,111,674</b>
Expenses			
Program services			
Personnel costs	1,241,849	-	1,241,849
Education and training	37,267	-	37,267
Professional services	114,687	-	114,687
Audit and accounting services	13,216	-	13,216
Office and other	12,077	-	12,077
Insurance	17,726	-	17,726
Equipment and related	71	-	71
Travel	7,907	-	7,907
Occupancy/facilities	151,868	-	151,868
Communication and IT	33,922	-	33,922
Depreciation and amortization	50,354	-	50,354
Child care pass-through grant to YWCA	132,185	-	132,185
	<b>1,813,129</b>	<b>-</b>	<b>1,813,129</b>
Change in Net Assets	341,656	(43,111)	298,545
Net Assets, Beginning of Year	585,310	43,111	628,421
Net Assets, End of Year	\$ 926,966	\$ -	\$ 926,966

## San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Statement of Cash Flows

Year Ended June 30, 2020

Operating Activities	
Change in net assets	\$ 298,545
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	50,354
Changes in operating assets and liabilities	
Accounts receivable	(241,135)
Prepaid expenses	(98,531)
Accounts payable	(24,714)
Accrued liabilities	2,204
Deferred revenue	146,240
Accrued vacation	4,320
	137,283
Net Cash from Operating Activities	137,283
Financing Activities	
Due to San Jose Conservation Corps	(94,282)
	(94,282)
Net Change in Cash, Cash Equivalents, and Restricted Cash	43,001
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	94,939
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 137,940

## **Note 1 - Summary of Significant Accounting Policies**

### **Charter School**

The Charter School was established on June 30, 2002 pursuant to the terms of the Charter School Act as of 1992, as amended. This chapter, among other matters, calls for the District and the Charter School to enter into a mutually agreeable memorandum of understanding regarding the funding entitlements of the Charter School pursuant to *Education Code* Section 47612. The charter was renewed for a period of five years ending June 30, 2022.

The Charter School is a division of San Jose Conservation Corps, which is incorporated in the State of California as a nonprofit corporation. The Governing Board of the Charter School is also the Governing Board of the Corps.

The San Jose Conservation Corps is composed of several divisions, of which the Education Division is one. The Education Division oversees the operation of the Charter School and monitors the post-secondary education of Corps members who are classified as graduates.

The Charter School derives its separate income from several sources, including state money from block grants (attendance and categorical programs), other federal and foundation grants, as well as from independent donor contributions.

Oversight, beyond the internal review by the Charter School's Board of Directors, is under the auspices of the local sponsoring education entity, East Side Union High School District. Reports are also made to the Santa Clara County Office of Education and the California Department of Education.

### **Accounting Principles**

The accounting policies of the Charter School conform to accounting principles generally accepted in the United States of America, as prescribed by the Financial Accounting Standards Board, which require the use of the accrual method of accounting. Under the accrual method of accounting, revenue is recognized when earned and expenses are recognized in the period incurred.

### **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 that 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.

### **Revenue Recognition**

Operating funds for the Charter School are derived principally from state and federal sources. The Charter School receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. The Charter School receives federal grants, which are paid through the California Department of Education or other state agencies. Revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met. Unrestricted support given by the state is recognized as revenue when received. Any such funds received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as with or without donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), Net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Government contracts, which are funded on a reimbursement basis, are considered exchange transactions and are also shown as unrestricted revenue.

### **Donated Assets**

Noncash donations are recorded as contributions at their fair market value on the date of donation.

### **Donated Services and Items**

A substantial number of individuals have donated significant amounts of time and inventory to the Charter School's programs and supporting functions. However, these services do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States and, therefore, are not recorded in the financial statements.



### **Concentrations of Credit Risk**

Financial instruments, which potentially subject the Charter School to concentrations of credit risk, include cash and investments. The Charter School maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits as guaranteed by the Federal Depository Insurance Corporation (FDIC).

The carrying amount of the Charter School's total cash was \$137,940 at June 30, 2020, of which all was covered by FDIC. FDIC covers up to \$250,000 per bank.

### **Cash and Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. For financial statement purposes, the Charter School considers investments with maturity of three months or less on the date of purchase to be cash equivalents. Funds with use restrictions are not included as cash, regardless of their liquidity.

### **Restricted Cash**

Restricted cash represents contributions received with donor-imposed restrictions that have not been fulfilled at year-end.

### **Investments and Fair Value Measurements**

In accordance with FASB ASC 820-10, the Charter School has characterized its investments in securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment. The Charter School does not have any investments as of June 30, 2020.

### **Accounts Receivable**

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

### **Property, Equipment and Improvements**

Property and equipment is stated at cost of acquisition or construction, or fair value if donated. The costs of maintenance and repairs are charged to expense as incurred. Costs of improvement or betterment that increase the value of the property or extend its useful life are capitalized. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets, except leasehold improvements. Leasehold improvements are stated at cost and are amortized over the shorter of the life of the asset or the terms of the underlying leases.

The useful lives of the assets are estimated as follows:

Buildings and site improvements	5 to 40 years
Leasehold improvements	10 to 40 years
Vehicles	2 to 5 years
Furniture and equipment	2 to 7 years

### **Income Tax Status**

The Charter School is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and state income taxes under the related California code sections.

### **Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy/facilities, interest and donated rent, which are allocated on a square footage basis, as well as personnel costs, communication and IT, office expenses, and other, which are allocated on the basis of estimates time and effort.

### **Use of Estimates**

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

### **Local Control Funding Formula and Property Taxes**

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources. Until full implementation, however, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012-13 plus an additional amount each year to bridge levels and the new LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property. The levy is based on the assessed values as of the preceding January 1, which is a date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of allocated property tax revenue to the California Department of Education.

### **Recent Accounting Pronouncements**

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Charter School's financial statements has not yet been determined, the future adoption of this guidance will require the Charter School to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for the Charter School for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Charter School for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

### **Change in Accounting Principle**

The Charter School has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has determined that the adoption of this standard did not have a significant impact on the Charter School's financial statements.

# San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Notes to Financial Statements

June 30, 2020

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On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Charter School has adopted this standard as management believes the standard improves the usefulness and understandability of the Charter School's financial reporting. There was no effect on net assets in connection with the implementation of ASU 2020-05.

## Note 2 - Property and Equipment

Property and equipment consisted of the following as of June 30, 2020:

Building improvements	\$	851,622
Building		213,796
Computer and equipment		102,716
		<hr/>
		1,168,134
Less accumulated depreciation		(422,689)
		<hr/>
	\$	<u>745,445</u>

Depreciation expense was \$50,354 for the year ended June 30, 2020.

**Note 3 - Accounts Receivable**

All receivables are considered collectible in full. Accounts receivable at June 30, 2020, consisted of the following:

Local control funding formula sources	\$ 204,603
State lottery	9
Federal sources	148,875
Other state sources	7,398
Local sources	<u>106</u>
	<u><u>\$ 360,991</u></u>

**Note 4 - Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2020, consisted of the following:

East Side Union High School District oversight fees	\$ 17,057
Vendor payables	11,396
Payroll and benefits	<u>59,221</u>
	<u><u>\$ 87,674</u></u>

**Note 5 - Liquidity and Availability**

Financial assets available for general operations within one year of the statements of financial position date comprise the following:

Cash and cash equivalents	\$ 137,940
Accounts receivable and other assets	<u>360,991</u>
	<u><u>\$ 498,931</u></u>

San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Notes to Financial Statements

June 30, 2020

**Note 6 - Net Assets with Donor Restrictions**

As of June 30, 2020, there is no donor restricted net assets.

	<u>July 1, 2019</u>	<u>Revenues</u>	<u>Releases</u>	<u>June 30, 2020</u>
Federal Grants				
Special education	\$ -	\$ 28,480	\$ (28,480)	\$ -
Title I	43,111	131,434	(174,545)	-
	<u>43,111</u>	<u>159,914</u>	<u>(203,025)</u>	<u>-</u>
Total restricted federal grants				
State Grants				
Special education	-	74,454	(74,454)	-
Child care pass-through grant	-	132,185	(132,185)	-
Prop 20 - lottery	-	13,301	(13,301)	-
	<u>-</u>	<u>219,940</u>	<u>(219,940)</u>	<u>-</u>
Total restricted state grants				
Total with donor restricted net assets	<u>\$ 43,111</u>	<u>\$ 379,854</u>	<u>\$ (422,965)</u>	<u>\$ -</u>

**Note 7 - Employee Retirement Systems**

Qualified Charter School employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified Charter School employees are members of the California Public Employees' Retirement System (CalPERS), and certified employees are members of the State Teachers' Retirement system (STRS). Benefit provisions of the plans are established by state statutes within the Public Employees' Retirement Law and State Teachers' Retirement Law.

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

The details of each plan are as follows:

**California Public Employees Retirement System (CalPERS)**

*Plan Description*

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Charter School contributions were \$25,909.

### **California State Teachers' Retirement System (CalSTRS)**

#### *Plan Description*

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### *Benefits Provided*

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.



# San Jose Conservation Corps Charter School

(A Division of San Jose Conservation Corps)

Notes to Financial Statements

June 30, 2020

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

## *Contributions*

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Charter School's total contributions were \$74,356.

## **Note 8 - Commitments and Contingencies**

### **State and Federal Allowances, Awards, and Grants**

The Charter School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the Charter School may incur a liability to grantor agencies.

### **Litigation**

The Charter School is not currently a party to any legal proceedings.

### **Due to San Jose Conservation Corps**

San Jose Conservation Corps (SJCC) charges the Charter School for services provided. The payable amount has accumulated to \$189,390 as of June 30, 2020. Of that amount, \$94,282 is scheduled to pay to SJCC within one year and the remaining \$95,108 is subject to negotiation with the SJCC.

**Note 9 - Subsequent Events**

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 14, 2020, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Charter School has been impacted by the effects of the world-wide coronavirus pandemic. The Charter School is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Charter School's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.



Supplementary Information  
June 30, 2020

**San Jose Conservation Corps  
Charter School**  
(A Division of San Jose Conservation Corps)

The Charter School was established on June 30, 2002 under an agreement with the East Side Union High School District (the District) pursuant to the terms of the Charter School Act of 1992, as amended. Its CDS code is 43-69427-4330676. The charter school was renewed for a period of five years ending June 30, 2022. There were no changes in boundaries during the current year. The Charter School is comprised of one school for students in grades nine through twelve.

**BOARD OF DIRECTORS**

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<b>Name</b>	<b>Office</b>	<b>Term Expiration</b>
Sandra Murillo	President	6/30/2021
Liz Hunt	Vice President	6/30/2021
Leslie Brown	Treasurer	6/30/2021
Ramon Zaragoza	Secretary	6/30/2022
Hamid Saadat	Past President	6/30/2022
Mahmood Khan	Member	6/30/2021
Steve Lopes	Member	6/30/2022
John Medina	Member	6/30/2022
Jim Stoch	Member	6/30/2021
Chris Cruz	Member	6/30/2022
Brenda Burks-Hermann	Member	6/30/2022
Bedriye Usta	Member	6/30/2022

**Executive Director**  
 Dorsey Moore

San Jose Conservation Corps Charter School  
(A Division of San Jose Conservation Corps)  
Schedule of Average Daily Attendance  
Year Ended June 30, 2020

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	<u>Second Period Report</u>	<u>Annual Report</u>
Classroom Based ADA Ninth through twelfth	<u>138.39</u>	<u>138.39</u>
Total classroom based ADA	<u><u>138.39</u></u>	<u><u>138.39</u></u>

San Jose Conservation Corps Charter School  
 (A Division of San Jose Conservation Corps)  
 Schedule of Instructional Time  
 Year Ended June 30, 2020

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Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grade 12	64,800	65,625	180	N/A	Complied

San Jose Conservation Corps Charter School  
(A Division of San Jose Conservation Corps)  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2020

	(Budget) 2021 <sup>1</sup>	2020	2019	2018	2017
Charter School					
Revenues	\$ 2,110,324	\$ 2,111,674	\$ 2,121,642	\$ 2,167,938	\$ 3,251,904
Expenditures	2,024,301	1,813,129	1,923,418	2,669,002	3,056,486
Changes in net assets	<u>86,023</u>	<u>298,545</u>	<u>198,224</u>	<u>(501,064)</u>	<u>195,418</u>
Ending net assets	<u>\$ 1,012,989</u>	<u>\$ 926,966</u>	<u>\$ 628,421</u>	<u>\$ 430,197</u>	<u>\$ 931,261</u>
Average daily attendance at P-2	<u>130</u>	<u>138</u>	<u>133</u>	<u>158</u>	<u>204</u>

<sup>1</sup> Budget 2021 is included for analytical purposes only and has not been subjected to audit.

Average daily attendance (ADA) has decreased by 20 over the past three years. The Charter School anticipates maintaining at least the same level of ADA in the 2020-21 fiscal year.

The general fund's net assets have increased by \$496,769 over the past three years. The increase is mainly due to revenues exceeding expenses and due to funding from Every Student Success Act (ESSA).

The Charter School has incurred operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2020-21 fiscal year.

### **Charter School Structure**

This schedule provides information about the Charter School's boundaries and schools operated, members of the governing board, and members of the administration.

### **Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Charter School. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

### **Schedule of Instructional Time**

The Charter School did not receive incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The Charter School has met its target funding. This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 47612 through 47612.5.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 51 days due to the pandemic. As a result, the District received credit for these 51 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

### **Schedule of Financial Trends and Analysis**

This schedule discloses the Charter School's financial trends by displaying past years' data along with current year budget information.





**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***

Board of Directors  
San Jose Conservation Corps Charter School  
(A Division of San Jose Conservation Corps)  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Jose Conservation Corps Charter School (the Charter School) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2020.

**Internal Control over Financial Reporting**

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

A handwritten signature in cursive script that reads "Eric Sully LLP".

San Mateo, California  
December 14, 2020



## Independent Auditor's Report on State Compliance

Board of Directors  
San Jose Conservation Corps Charter School  
(A Division of San Jose Conservation Corps)  
San Jose, California

### Report on State Compliance

We have audited San Jose Conservation Corps Charter School's (the Charter School) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Charter School's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Charter 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 on state compliance. However, our audit does not provide a legal determination of the Charter School's compliance.

**Compliance Requirements Tested**

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

	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

CHARTER SCHOOLS

Procedures  
Performed

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Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before or after school program and Independent Study-Course Based Program therefore, we did not perform any related procedures.

The Charter School does not offer Nonclassroom-Based Instruction; therefore, we did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for Charter Schools and Determination of Funding for Nonclassroom-Based Instruction.

The Charter School did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

**Unmodified Opinion**

In our opinion, San Jose Conservation Corps Charter School complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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



San Mateo, California  
December 14, 2020

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

**State Compliance**

Type of auditor’s report issued on compliance for programs:	Unmodified
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**Section II – Financial Statement Findings**

None reported.

**Section III - State Awards Findings and Questioned Costs Findings**

None reported.

San Jose Conservation Corps Charter School  
(A Division of San Jose Conservation Corps)  
Summary Schedule of Prior Year Findings  
Year Ended June 30, 2020

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None reported.