

**BLUE OAK CHARTER SCHOOL
CHARTER SCHOOL NUMBER: 0415**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025

DRAFT

**BLUE OAK CHARTER SCHOOL
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF INSTRUCTIONAL TIME	16
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)	17
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS	18
NOTES TO SUPPLEMENTARY INFORMATION	19
OTHER INFORMATION	
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE	20
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	28

INDEPENDENT AUDITORS' REPORT

Board of Directors
Blue Oak Charter School
Chico, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blue Oak Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2025, 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.

Basis for Opinion

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the local education agency organization structure but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated REPORT DATE 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 on 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.

CliftonLarsonAllen LLP

Ontario, California
REPORT DATE

**BLUE OAK CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	799,585
Accounts Receivable - Federal and State		717,499
Accounts Receivable - Other		9,811
Prepaid Expenses and Other Assets		57,650
Total Current Assets		1,584,545

LONG-TERM ASSETS

Deposits		28,000
Right-of-Use Asset - Facility		2,457,670
Total Long-Term Assets		2,485,670

Total Assets

\$ 4,070,215

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$	387,845
Deferred Revenue		571,961
Lease Liabilities		543,240
Total Current Liabilities		1,503,046

LONG-TERM LIABILITIES

Lease Liabilities		2,011,383
-------------------	--	-----------

Total Liabilities

3,514,429

NET ASSETS

Without Donor Restrictions		555,786
----------------------------	--	---------

Total Liabilities and Net Assets

\$ 4,070,215

See accompanying Notes to Financial Statements.

**BLUE OAK CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

REVENUES, WITHOUT DONOR RESTRICTIONS

State Revenue:	
State Aid	\$ 1,747,713
Other State Revenue	1,036,378
Federal Revenue:	
Grants and Entitlements	195,666
Local Revenue:	
In-Lieu Property Tax Revenue	678,089
Contributions	36,983
Employee Retention Credit	604,542
Other Revenue	91,878
Total Revenues	4,391,249

EXPENSES

Program Services	3,853,225
Management and General	435,027
Total Expenses	4,288,252

CHANGE IN NET ASSETS

	102,997
--	---------

Net Assets Without Donor Restrictions - Beginning of Year	452,789
---	---------

NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 555,786
--	-------------------

DRAFT

See accompanying Notes to Financial Statements.

**BLUE OAK CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 1,948,224	\$ 144,682	\$ 2,092,906
Pension Expense	379,198	34,756	413,954
Other Employee Benefits	108,492	7,347	115,839
Payroll Taxes	75,202	5,585	80,787
Management Fees	-	120,631	120,631
Legal Expenses	-	10,547	10,547
Accounting Expenses	-	25,743	25,743
Instructional Materials	96,698	-	96,698
Other Fees for Services	170,826	30,835	201,661
Advertising and Recruiting Expenses	-	5,610	5,610
Office Expenses	48,322	970	49,292
Information Technology Expenses	15,190	732	15,922
Occupancy Expenses	793,236	7,821	801,057
Travel Expenses	5,061	-	5,061
Conferences, Conventions, and Meetings	35,265	5,339	40,604
Interest Expense	-	61	61
Insurance Expense	66,384	4,930	71,314
Other Expenses	111,127	29,438	140,565
	<u>\$ 3,853,225</u>	<u>\$ 435,027</u>	<u>\$ 4,288,252</u>
Total			

See accompanying Notes to Financial Statements.

**BLUE OAK CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$	102,997
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities and Liabilities:		
Accounts Receivable - Federal and State		12,166
Accounts Receivable - Other		18,732
Prepaid Expenses and Other Assets		11,313
Right-of-Use Asset - Facility		499,641
Deferred Revenue		(84,559)
Accounts Payable and Accrued Liabilities		(40,970)
Lease Liabilities		(491,281)
Net Cash Provided by Operating Activities		<u>28,039</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		28,039
Cash and Cash Equivalents - Beginning of Year		<u>771,546</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	<u>799,585</u>

DRAFT

See accompanying Notes to Financial Statements.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Blue Oak Charter School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school. The School is funded principally through state of California public education monies received through the California Department of Education.

The charter may be revoked by the Chico Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

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

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2025. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Compensated Absences

The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2025.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2025, the School has conditional grants of \$573,000 of which \$571,961 is recognized as deferred revenue in the statement of financial position.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Evaluation of Subsequent Events

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

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grant receivables for the total amount of \$1,526,895.

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains an interest bearing cash account with a financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash in this account exceeds the maximum insured amount. The School has not experienced any losses regarding this account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2025 was \$-0-.

The components of property, plant, and equipment as of June 30, 2025 are as follows:

Building	\$ 1,192,117
Equipment, Furniture, and Fixtures	41,592
Total	1,233,709
Less: Accumulated Amortization	(1,233,709)
Total Property, Plant, and Equipment	\$ -

NOTE 5 LEASES

Facility Lease

The School leases a facility under a lease that expires August 2029.

The following tables provide quantitative information concerning the School's lease for the year ended June 30, 2025:

Operating Lease Cost	\$ 674,730
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 666,370
Weighted-Average Remaining Lease Term - Operating Leases	4.1 years
Weighted-Average Discount Rate - Operating Leases	6.20%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

<u>Year Ending June 30,</u>	
2025	\$ 686,410
2026	688,080
2027	707,000
2028	708,720
2029	118,120
Undiscounted cash flows	2,908,330
(Less) imputed interest	(353,707)
Total present value	\$ 2,554,623

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2025 total STRS plan net assets are \$341 billion, the total actuarial present value of accumulated plan benefits is \$482 billion, contributions from all employers totaled \$8.577 billion, and the plan is 76.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2023	\$ 258,635	100%
2024	295,824	100%
2025	207,905	100%

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2024, the School Employer Pool total plan assets are \$93.2 billion, the present value of accumulated plan benefits is \$129 billion, contributions from all employers totaled \$5.369 billion, and the plan is 72.3% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 8.0% of their salary for Public Employees' Pension Reform Act (PEPRA) members and 7.0% of their salary for classic members. The school is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2025 was 27.05%. The contribution requirements of the plan members are established and may be amended by state statute.

The School's contributions to PERS for each of the last three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2023	\$ 174,444	100%
2024	218,069	100%
2025	206,049	100%

NOTE 7 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended June 30, 2025, the School recognized Employee Retention Credits (ERC) from the Internal Revenue Service (IRS) in the amount of \$604,542 in compliance with the program. The IRS may review funding eligibility for compliance with program requirements. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

**BLUE OAK CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 CONTINGENCIES, RISKS AND UNCERTAINTIES

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

**BLUE OAK CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2025**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
Transitional Kindergarten	36,000	64,240	176	In compliance
Kindergarten	36,000	64,240	176	In compliance
Grade 1	50,400	55,040	176	In compliance
Grade 2	50,400	55,040	176	In compliance
Grade 3	50,400	55,040	176	In compliance
Grade 4	54,000	55,040	176	In compliance
Grade 5	54,000	55,040	176	In compliance
Grade 6	54,000	57,110	176	In compliance
Grade 7	54,000	57,110	176	In compliance
Grade 8	54,000	57,110	176	In compliance

DRAFT

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

**BLUE OAK CHARTER SCHOOL
 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
 YEAR ENDED JUNE 30, 2025**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3	84.03	84.58	83.36	83.92
Grades 4-6	68.57	68.71	68.70	68.87
Grades 7-8	43.82	44.83	43.75	44.73
ADA Totals	<u>196.42</u>	<u>198.12</u>	<u>195.81</u>	<u>197.52</u>

DRAFT

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

**BLUE OAK CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

June 30, 2025 Annual Financial Report Fund Balances (Net Assets)	\$ 477,302
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Cash and Cash Equivalents	76,266
Accounts Receivable	51,784
Prepaid Expenses and Other Assets	1,650
Right-of-Use Asset - Facility	(499,641)
Accounts Payable and Accrued Liabilities	(6,922)
Deferred Revenue	(35,934)
Lease Liabilities	491,281
Net Adjustments and Reclassifications	78,484
June 30, 2025 Audited Financial Statement Fund Balances (Net Assets)	\$ 555,786

DRAFT

See accompanying Independent Auditors' Report and the Notes to Supplementary Information.

**BLUE OAK CHARTER SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

DRAFT

OTHER INFORMATION

DRAFT

**BLUE OAK CHARTER SCHOOL
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 YEAR ENDED JUNE 30, 2025
 (SEE INDEPENDENT AUDITORS' REPORT)**

Blue Oak Charter School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school. The School is funded principally through state of California public education monies received through the California Department of Education. The School is sponsored by the Chico Unified School District (the Sponsor).

Charter School number authorized by the state: 0415

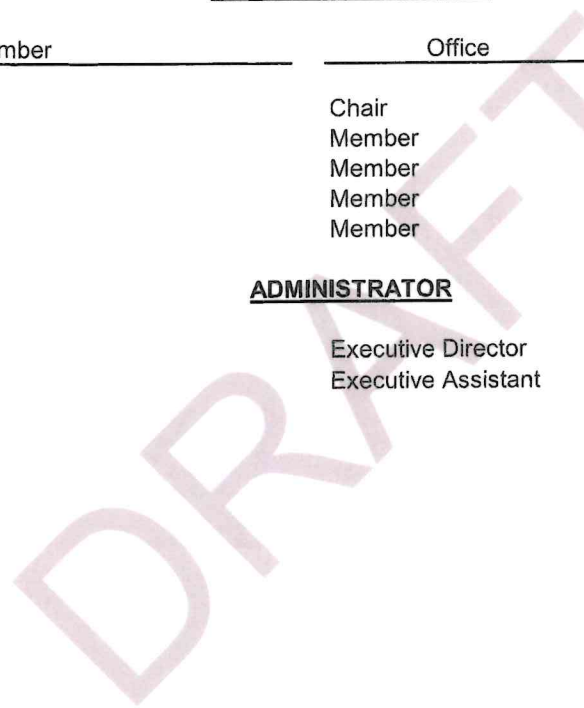
The board of directors and the administrators as of the year ended June 30, 2025 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term End (Length)</u>
Vicky Wonacott	Chair	August 2025 (3 years)
Donna Kreskey	Member	August 2026 (3 years)
Laurel Hill-Ward	Member	August 2026 (3 years)
Ryan Sanders	Member	August 2025 (3 years)
Trisha Atehortua	Member	August 2028 (3 years)

ADMINISTRATOR

Susan Domenghini	Executive Director
Maggie Buckley	Executive Assistant



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Blue Oak Charter School
Chico, 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 Blue Oak Charter School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine 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 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 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Ontario, California
REPORT DATE

DRAFT

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
Blue Oak Charter School
Chico, California

Report on Compliance

Opinion on State Compliance

We have audited Blue Oak Charter School's (the School) compliance with the types of compliance requirements applicable to the School described in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2025. The School's applicable state compliance requirements are identified in the table below.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the School for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant (CTEIG)	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable: The School did not receive program funding or did not otherwise operate the program during the fiscal year.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material

Board of Directors
Blue Oak Charter School

weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Ontario, California
REPORT DATE

DRAFT

**BLUE OAK CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2025.

**BLUE OAK CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for June 30, 2024.

DRAFT