

**Nevada City School of the Arts  
Charter Governance Council**

CGC 1/27/22, Pg. 1

**CGC Meeting Agenda  
Thursday, January 27, 2022**

ANNOUNCEMENT No. 1: This meeting is being held pursuant to the procedures established in Assembly Bill 361 amending elements of the Brown Act effective October 1, 2021. All Board members may attend the meeting by teleconference. This meeting will be a virtual meeting only. The public may observe and address the meeting via Zoom.

**Join Zoom Meeting**

<https://zoom.us/j/97404766660?pwd=c3ZvQ1FaM0ZLTGNTb20yemFDamlsdz09>

Meeting ID: 974 0476 6660

Passcode: j7YnHP

**Call Order: 5:00 p.m.**

**Roll Call:**

**Public Forum:** *Members of the public who wish to comment during the Board meeting may use the “raise hand” tool on the Zoom platform. Individual comments will be limited to three (3) minutes. The Board of Directors may limit the total time for public comment to a reasonable time. The Board reserves the right to mute or remove a member of the public if comments or actions disrupts the Board meeting*

**Plaudits:**

**Action Items**

1. Approve Agenda

**Consent Agenda**

2. Approve December 16, 2021 Meeting Minutes and January 6, 2022 Special Meeting Minutes - *See attached*

**Reports**

3. Director’s FYI Report – Holly Pettitt – *See attached*
4. Board and Committee Reports
  - a. Nomination & Recruitment
  - b. Finance - *See attached*

**Discussion Items**

5. Discuss Facilities and Financing Opportunities
6. Discuss New Policy - Transgender - *See attached*

**Action Items**

7. Vote on Candidate to join Charter Governance Council beginning January 27, 2022 through June 30, 2022.
8. Review and Accept the 2020-21 Fiscal Audit Report - *See attached*
9. Approve School Policies - *See attached*
10. Approve 2020-21 School Accountability Report Card (SARC) - *Attachment will be presented at meeting*

- CGC 1/27/22, Pg. 2  
Executive Orders
11. Approve findings that support continuation of the use of teleconference per AB361 for a period of 30 day.

**Adjournment 6:30 p.m.**

**Access to Board Materials:** A copy of the written materials which will be submitted to the School Board may be reviewed by any interested persons on NCSA's website along with this agenda following the posting of the agenda at least 72 hours in advance of this meeting.

**Disability Access:** Requests for disability-related modifications or accommodations to participate in this public meeting should be made 24 hours prior to the meeting by calling (530) 273-7736. All efforts will be made for reasonable accommodations. The agenda and public documents can be modified upon request as required by Section 202 of the Americans with Disabilities Act.

**Nevada City School of the Arts  
Charter Governance Council**

CGC 1/27/22, Pg. 3

**CGC Meeting Minutes**

Thursday, December 16, 2021

5:00 p.m. - 6:30 p.m.

This meeting was held by teleconference pursuant procedures established in Assembly Bill 361 via the Zoom meeting platform. Members of the public who wished to access this Board meeting were provided the link and passcode publicly posted on school bulletin boards, our website and the public school calendar.

**Call Order: 5:00 p.m.**

**Roll Call:** LeeAnne Haglund, Meshawn Simmons, Meghan Archer, Trisha Zakon, Lauren Hesterman, and Andrew Todd

**Absent:** Laura LeBleu and Qayyuma Didomenico

**Guests:** Holly Pettitt, Melissa Brokenshire, Toni Holman, Brittani Brackett and five members of the parent community.

**Public Forum:** None

**Plaudits:** Melissa Brokenshire, Jenn Goulart, Meghan Williamson for taking on the Independent Study project. Jenn Goulart for parenting class. Emma for all her work at Lower Campus. Congratulations to Lisa Lane for her new baby girl, Congratulations to Infante for her upcoming wedding.

**Action Items**

1. Approve Agenda  
Move: Andrew Todd moved to approve the agenda with the correction to the case number 2021001 of the closed session item. 2nd: Lauren Hesterman  
Unanimous Assent

**Consent Agenda**

2. Approve November 18, 2021 Meeting Minutes  
Move: Trisha Zakon 2nd: Meghan Archer  
Unanimous Assent

**Reports**

3. Director's FYI Report – Holly Pettitt
4. Board and Committee Reports
  - a. Nomination & Recruitment - Trisha Zakon
    - i. Potential Board members introduced themselves and talked about why they want to join the board. Raven Aletheia, Alana Flores, Juliana Dockery and Abby Oas
  - b. Finance - Melissa

**Discussion Items**

5. Discuss Scotch Broom Management Plan - Melissa

**Action Items**

6. Approve Educator Effectiveness Grant Plan  
Move: Meshawn Simmons 2nd: Lauren Hesterman  
Unanimous Assent

7. Approve B-6 Communication to the Council Monitoring Report  
Move: Meghan Archer 2nd: Andrew Todd  
Unanimous Assent
8. Approve B-7 Council Logistical Support Monitoring Report  
Move: Trisha Zakon 2nd: Lauren Hesterman  
Unanimous Assent
9. Approve B-8 Emergency School Director Succession Monitoring Report  
Move: Laurent Hesterman 2nd: Meshawn Simmons  
Unanimous Assent
10. Approve findings that support continuation of the use of teleconference per Executive Orders AB361 for a period of 30 day.  
Move: Meshawn Simmons move to hold Special Meeting via teleconference on January 6, 2021 @ 5 p.m. to approve 30 day extension. 2nd: Trisha Zakon  
Unanimous Assent

### **Closed Session**

11. Confidential Student Discipline Matter – Consideration of Potential Expulsion  
Case No.: 2021001  
The Board approved the Order regarding Confidential Student Discipline Matter (Expulsion) Case No.: 2021001. The vote of the Board of Directors was as follows:  
Haglund Yes , Hesterman Yes , Simmons Yes , Archer Yes , Zakon Yes , Todd Yes  
Absent: LeBleu and Didomenico

### **Adjournment 6:09 p.m.**

Submitted by: Toni Holman, NCSA Administrative Secretary

12/16/21

Approved by the NCSA Charter Council

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LeeAnne Haglund, Board Chair

Date

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Meghan Archer, Board Secretary

Date

**Nevada City School of the Arts  
Charter Governance Council**

CGC 1/27/22, Pg. 5

**CGC Special Meeting Minutes  
Thursday, January 6, 2022**

This meeting was held by teleconference pursuant procedures established in Assembly Bill 361 via the Zoom meeting platform. Members of the public who wished to access this Board meeting were provided the link and passcode publicly posted on bulletin boards, our website and the school public calendar.

**Call Order: 5:00 p.m.**

**Roll Call:** LeeAnne Haglund, Andrew Todd , Meshawn Simmons, Trisha Zakon, Meghan Archer

**Guests:** Holly Pettitt and Toni Holman

**Public Forum:** None

**Action Items**

1. Approve Agenda  
Moved: Meshawn Simmons      2nd: Trisha Zakon  
Unanimous Assent
  
2. Approve findings that support the continuation of the use of teleconference per Executive Orders AB361 for a period of 30 days.  
Moved: Andrew Todd              2nd: Meshawn Simmons  
Unanimous Assent

**Adjournment 5:05 p.m.**

Submitted by: Toni Holman, NCSA Administrative Secretary

1/6/21

Approved by the NCSA Charter Council

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LeeAnne Haglund, Board Chair

Date

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Meghan Archer, Board Secretary

Date



## **School Director FYI Report**

### **January 27, 2022**

This report details highlights of the month, operational achievements and items that the Board may like to know and helps to satisfy compliance with our B-6 Communication to the Board policy as well as indicates progress toward our Ends. It is organized by the following:

1. Relevant financial information.
2. School level issues that help the board see the big picture.
3. Public events (activities and gatherings both on and off premises) of a nature that may affect the perception of the School in the community.
4. Internal and external changes like significant modifications to the normal pattern of school business.
5. Progress towards Ends Policies and LCAP

### **Plaudits**

- Emma, Megan, Kerin, Melissa - Covid Testers extraordinaire! Thank you to them all for putting themselves at risk in order to keep others safe.
- Congratulations to Emma for being named the Charter Classified School Employee of the Year!
- Ania Kapp and Jenn McKim - Ross for all their hard work serving our students with IEPs.
- To Nancy, Scott M. and Katie for subbing in an emergency. It is people like them helping us keep kids in school!

### **Financial Information**

- We received NO findings in our audit. Well done Melissa!

### **Facilities Update**

- Sk8 Box Vandalism - Kids at SK8 Box destroyed 9 iPads. Moss is handling restitution. We are sealing off building 4 from any other access.
- Building 3 needs a new roof – we are collecting bids from roofers. So far the bids have come in around \$37,000. We hope to use some of our solar/construction loan to pay for it.
- Melissa is working with help to get NCSA's facilities master plan updated and in line with budgeting.
- We have initiated a new lease with some wood working businesses that are renting the high bay space next to the gym, where Sk8 Box used to be. \$1,300 a month.

## School Wide Issues

- Independent Studies/Attendance - There are just so many Independent Studies and our daily attendance is 80% - an all time low. The IS Agreements bring us up to 92% which is also incredibly low - in a normal year we are at about 94.5%.
- New Nurse - We have hired a new nurse! [Rebecca Scroggins](#) joins us from the bay area. She is currently working remotely. We are so fortunate to have found her!
- Volunteers - Parents are volunteering which is wonderful.
- Closed Classes - We have had to close 5th grade due to no subs, and close 1 TK and and 1 1st Grade due to multiple covid cases in the same class. Last week we had 14 staff out and this week we have 8 staff out. It never seems to end.

## Events

- Read-A-Thon brought in \$22,000+!
- Death Valley Field Trip will be happening. No Ashland - Sacramento Play Instead

## Arts Based Choice for Education

- New electives begin next week.
- Dance, Drama, Woodworking, Studio Art, Guitar, Jazz Band, Mountain Bike, Fiber Arts, Photography and STEAM. Pondering a Skateboarding elective as well. More and more students are opting to take music lessons after school and we are still looking for a strings teacher.

## Academic, Arts & Social Emotional Achievement

- We are beginning 8th Grade Mentors next month in order to prepare the students for their final arts assessment in May. There are 7 teachers who will meet with students once a month based on their project of choice. Students will be required to artistically express themselves on a social justice topic of their choice.
- Currently our Gen Ed counselor is supporting 40 students and our School Psychologist is supporting 20 students on IEPs. We have a new survey for social emotional health for 4th to 8th Grades that we will give in January. Here is the link to the survey - we will modify it a bit to fit NCSA.  
<https://schoolguide.casel.org/resource/student-survey-how-i-feel-about-my-classroom-and-school/>
- I am working with our counselor to begin an after school peer tutoring program for middle school students. We are hopeful that this will help our struggling students.

## Safe, Respectful and Equitable Conditions for Learning and Working

- Covid Testing is taking its toll on all of us. We are now sending kits home with families to relieve the stress on staff.
- Student Behavior has been especially challenging of late.

### **Contributor and Collaborator to the Greater Community**

- New Woodworking Tenant in B9
- YBONC Trail moving along - kids are brainstorming more fundraising ideas



# Raven Springs LLC

## Statement of Financial Position

As of January 23, 2022

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
9121-65 Cash in Bank - Raven Springs - General Checking - 5165	301,973.44
9122-45 Raven Springs - CIP Checking	536,939.90
<b>Total Bank Accounts</b>	<b>\$838,913.34</b>
Other Current Assets	
9140 Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$0.00</b>
<b>Total Current Assets</b>	<b>\$838,913.34</b>
Fixed Assets	
9400 Capital Assets	
9410 Land	1,335,647.11
9425 Accumulated Depreciation - Land	-39,595.00
9430 Buildings & Improvements	3,396,558.24
9435 Accumulated Depreciation - Buildings	-203,653.15
9440 Machinery & Equipment	4,509.00
9445 Accumulated Depreciation - Equipment	-1,061.00
<b>Total 9400 Capital Assets</b>	<b>4,492,405.20</b>
9450 Construction in Progress	14,490.00
<b>Total Fixed Assets</b>	<b>\$4,506,895.20</b>
<b>TOTAL ASSETS</b>	<b>\$5,345,808.54</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	\$ -26,042.39
<b>Total Current Liabilities</b>	<b>\$ -26,042.39</b>
Long-Term Liabilities	
9670 Lease Deposits	14,940.00
9671 Tri Counties Property Loan	0.00
9672 Tri Counties Construction Loan	0.00
9673 Tri Counties Refi Property Loan - 84560	2,160,002.53
9673-01 Debit Issue Costs	6,643.46
<b>Total 9673 Tri Counties Refi Property Loan - 84560</b>	<b>2,166,645.99</b>
9676 Kubota Parts Loan	-6,346.45
<b>Total Long-Term Liabilities</b>	<b>\$2,175,239.54</b>
<b>Total Liabilities</b>	<b>\$2,149,197.15</b>

## Raven Springs LLC

## Statement of Financial Position

As of January 23, 2022

	TOTAL
Equity	
Retained Earnings	3,111,826.78
Net Revenue	84,784.61
<b>Total Equity</b>	<b>\$3,196,611.39</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,345,808.54</b>

# Nevada City School of the Arts

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## Budget vs. Actuals: 2021-22 1st Interim Budget - FY22 P&L Classes

July 2021 - June 2022

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
8000 Revenue - State	1,626,562.00	3,688,669.00	-2,062,107.00	44.10 %
8100 Federal Revenue	401,534.90	1,323,070.91	-921,536.01	30.35 %
8300 Other State Revenues	312,769.23	971,690.71	-658,921.48	32.19 %
8600 Other Local Revenue	251,565.81	521,909.84	-270,344.03	48.20 %
Unapplied Cash Payment Revenue	80,888.86		80,888.86	
Uncategorized Revenue		250,000.00	-250,000.00	
<b>Total Income</b>	<b>\$2,673,320.80</b>	<b>\$6,755,340.46</b>	<b>\$ -4,082,019.66</b>	<b>39.57 %</b>
GROSS PROFIT	\$2,673,320.80	\$6,755,340.46	\$ -4,082,019.66	39.57 %
Expenses				
1000 Certificated Salaries	926,660.48	2,002,452.41	-1,075,791.93	46.28 %
2000 Classified Salaries	720,927.49	1,527,685.00	-806,757.51	47.19 %
3000 Employee Benefits	407,102.91	1,021,247.66	-614,144.75	39.86 %
4000 Books & Supplies	290,885.87	417,602.22	-126,716.35	69.66 %
5000 Services & Other Operating Expenses	1,192,477.84	1,868,133.00	-675,655.16	63.83 %
7000 Other Outflows	478.19		478.19	
Unapplied Cash Bill Payment Expenditure	0.00		0.00	
<b>Total Expenses</b>	<b>\$3,538,532.78</b>	<b>\$6,837,120.29</b>	<b>\$ -3,298,587.51</b>	<b>51.75 %</b>
NET OPERATING INCOME	\$ -865,211.98	\$ -81,779.83	\$ -783,432.15	1,057.98 %
NET INCOME	\$ -865,211.98	\$ -81,779.83	\$ -783,432.15	1,057.98 %



## **TRANSGENDER POLICY**

The purpose of this policy is:

- (1) to foster an educational environment that is safe, welcoming, and free from stigma and discrimination for all students, regardless of gender identity or expression,
- (2) to facilitate compliance with local, state and federal laws concerning bullying, harassment, privacy, and discrimination,
- (3) to ensure that all students have the opportunity to express themselves and live authentically.

### **Definitions**

These definitions are provided not for the purpose of labeling students but rather to assist in understanding this policy and the legal obligations of school and district personnel. Students may or may not use these terms to describe themselves or their experiences.

**BULLYING:** Written, verbal, or physical conduct, including via electronic communication, that is sufficiently severe, persistent, or pervasive to limit a student's ability to participate in, or benefit from, a program or activity of a public school or local educational agency; or to create a hostile or abusive educational environment, adversely affecting a student's education, including acts of verbal, nonverbal, or physical aggression or intimidation. This includes bullying that is based on a student's actual or perceived race, color, national origin, sex, disability, sexual orientation, gender identity or expression, religion, or another distinguishing characteristic. This also includes conduct that targets a student because of a characteristic of a friend, family member, or other person or group with whom a student associates. Bullying is frequently referred to as harassment when it pertains to a characteristic protected by non-discrimination laws.

**GENDER EXPRESSION:** The manner in which a person represents or expresses gender to others, often through behavior, clothing, hairstyles, activities, voice, or mannerisms.

**GENDER IDENTITY:** A person's deeply held knowledge of their own gender, which can include being female, male, another gender, or no gender. Gender identity is an innate and largely inflexible part of a person's identity. One's gender identity can be the same or different than the gender assigned at birth. The responsibility for determining an individual's gender identity rests with the individual. Children typically begin to understand their own gender identity by age four, although the age at which individuals come to understand and express their gender identity may vary based on each person's social and familial development.

**GENDER NONCONFORMING:** A term sometimes used to describe people whose gender expression differs from stereotypical expectations, such as "feminine" boys, "masculine" girls, and people who are perceived as androgynous in some way. Most gender



nonconforming people are not transgender. For example, a non-transgender girl who has short hair and likes sports might be considered gender nonconforming. The term “gender nonconforming” is also sometimes used to refer to people whose gender identity is not male or female.

**NONBINARY/GENDERQUEER:** These are terms often used to describe people whose gender is not exclusively male or female, including those who identify with a gender other than male or female, as more than one gender, or as no gender.

**SEXUAL ORIENTATION:** A person’s romantic and/or physical attraction to people of the same and/or another gender, such as being straight, gay, bisexual, or asexual. Transgender and gender nonconforming people may have any sexual orientation.

**TRANSGENDER:** An adjective describing a person whose gender identity is different from that traditionally associated with the gender they were thought to be when they were born. A transgender girl is a girl who was thought to be male when she was born. A transgender boy is a boy who was thought to be female when he was born. Some transgender people have a gender that is neither male nor female, and may use terms like non-binary to describe their gender.

**TRANSITION:** The process in which a person begins to live according to their gender identity, rather than the gender they were thought to be at birth. Transition is a process that is different for everyone, and it may or may not involve social, legal, or physical changes. There is no one step or set of steps that an individual must undergo in order to have their gender identity affirmed and respected.

## Scope

This policy covers conduct that takes place in the school, on school property, at school-sponsored functions and activities, on school buses or vehicles, during a student’s commute to and from school, and at bus stops. This policy also pertains to usage of electronic communication that occurs in the school, on school property, at school-sponsored functions and activities, on school buses or vehicles and at bus stops, and on school computers, networks, forums, and mailing lists, as well as any electronic communication that is directed at a student and that substantially interferes with the student’s ability to participate in or benefit from the services, activities, or privileges provided by the school. This policy applies to the entire school community, including educators, school staff, students, parents, and volunteers.

## Bullying, Harassment, and Discrimination

Discrimination, bullying, and harassment on the basis of gender identity or expression is prohibited within the School. It is the responsibility of staff to ensure that all students, including transgender and gender nonconforming students, have a safe school environment. The scope of this responsibility includes ensuring that any incident of discrimination, harassment, or bullying is



given immediate attention, including investigating the incident, taking age- and developmentally-appropriate action, and providing students and staff with appropriate resources and supports. Enforcement of anti-bullying policies should focus on education and prevention rather than exclusionary discipline. Complaints alleging discrimination or harassment based on a student's actual or perceived gender identity or expression are to be taken seriously and handled in the same manner as other discrimination, bullying, or harassment complaints.

### **Privacy/Confidentiality**

The school shall ensure that all personally identifiable and medical information relating to transgender and gender nonconforming students shall be kept confidential in accordance with applicable state, local, and federal privacy laws. School staff shall not disclose any information that may reveal a student's transgender status to others, including parents or guardians and other school staff, unless legally required to do so or unless the student has authorized such disclosure. In the rare instance that a school is legally required to disclose a student's transgender status, the school should provide the student an opportunity to make that disclosure themselves, where practicable. This would include providing the student with any support services the student would need to make the disclosure in a safe and supportive environment.

Transgender and gender nonconforming students have the right to discuss and express their gender identity and expression openly and to decide when, with whom, and how much to share private information. The fact that a student chooses to use a different name, to transition at school, or to disclose their transgender status to staff or other students does not authorize school staff to disclose a student's personally identifiable or medical information. Before contacting the parent or guardian of a transgender student, school staff should ask the student whether to use their chosen name and the pronouns that correspond to their gender identity, or whether to use their legal name. (See "Student Transitions" below.)

### **Media and Community Communication**

When communicating to the media or community about issues related to gender identity or expression, the school shall have a single spokesperson to address the issue. Rather than directly commenting on the issue, other school staff shall direct parents and the media to the designated spokesperson. Protecting the privacy of transgender and gender nonconforming students must be a top priority for the spokesperson and all staff, and all personally identifiable and medical information shall be kept strictly confidential, in accordance with local, state, and federal privacy laws.

### **Names, Pronouns, and School Records**

Every student has the right to be addressed by a name and pronouns that correspond to the student's gender identity. Regardless of whether a transgender or gender nonconforming student has legally changed their name or gender, schools will allow such students to use a chosen name and gender pronouns that reflect their identity. It is recommended that school staff privately ask



transgender or gender nonconforming students how they want to be addressed in class and in the school's communication with the student's parents or guardians. Some transgender and gender nonconforming youth may request to use "he" or "she" pronouns, while others may feel most comfortable being addressed by gender-neutral pronouns such as "they" or "ze" or just referred to by their names (without pronouns).

If the student has previously been known at school by a different name, the school administration will direct school personnel to use the student's chosen name and appropriate pronouns. To ensure consistency among administrators and staff, every effort will be made to immediately update student education records (such as attendance reports, class rosters for substitutes, school IDs, transcripts, electronic records, etc.) with the student's chosen name and appropriate gender markers only with parent approval.

In some circumstances, school administrators may be specifically required by law to record a student's name or gender as it appears on documents such as a current birth certificate. In those instances, school staff and administrators shall record this information in a separate, confidential file to avoid the inadvertent disclosure of the information. All records that are not specifically required by law to match government-issued documents shall be updated upon a student's request and with parent approval.

### **Access to Gender-Segregated Activities and Facilities**

With respect to all restrooms, locker rooms, or changing facilities, students shall have access to facilities that correspond to their gender identity. Schools may maintain separate restrooms, locker rooms or changing facilities for male and female students, provided that they allow all students equal access to facilities that are consistent with their gender identity. Students, including non-binary students, should determine which facilities are consistent with their gender identity.

Any student who is uncomfortable using a shared gender-segregated facility, regardless of the reason, shall, upon the student's request, be provided with a safe and non-stigmatizing alternative. This may include, for example, addition of a privacy partition or curtain, provision to use a nearby private restroom or office, or a separate changing schedule. However, such alternatives shall only be provided to a student upon that student's request. Requiring a transgender or gender nonconforming student to use a separate space against their wishes threatens to stigmatize the student and disclose their transgender status to others. Under no circumstances may students be required to use gender segregated facilities that are inconsistent with their gender identity.

Schools shall designate any existing facilities that are designed to be used by only one person at a time as accessible to all students regardless of gender. However, under no circumstances shall a student be required to use a single-user facility because they are transgender or gender nonconforming. Schools are encouraged to incorporate single-user facilities and greater privacy into new construction or renovation, and to assess ways to increase privacy for all students in existing facilities.



### **Physical Education Classes and Intramural and Interscholastic Athletics**

All students shall be permitted to participate in physical education classes and intramural sports in a manner consistent with their gender identity. Furthermore, all students shall be permitted to participate in interscholastic athletics in a manner consistent with their gender identity, under the guidelines established by the state interscholastic association.

### **Other Gender-Based Activities, Rules, Policies and Practices**

As a general matter, schools should evaluate all gender-based activities, rules, policies, and practices—including classroom activities, school ceremonies, and school photos—and maintain only those that serve an important educational purpose. Students shall be permitted to participate in any such activities or conform to any such rule, policy, or practice consistent with their gender identity.

### **Dress Code**

Schools may enforce dress codes pursuant to school policy, but any such dress codes may not be enforced based on gender or gender stereotypes. Students shall have the right to dress in accordance with their gender identity and expression, including maintaining a gender neutral appearance within the constraints of the dress codes adopted by the school. School staff shall not enforce a school's dress code more strictly against transgender and gender nonconforming students than other students.

### **Student Transitions**

The school shall accept the gender identity that each student asserts. There is no medical or mental health diagnosis or treatment threshold that students must meet in order to have their gender identity recognized and respected. The assertion may be evidenced by an expressed desire to be consistently recognized as the sex consistent with their gender identity. Students ready to socially transition may initiate a process to change their name, pronoun, attire, and access to gender-related programs, activities, and facilities consistent with their gender identity. Each student has a unique process for transitioning. The school shall customize support to optimize each student's equal access to the school's educational programs and activities.

### **Training and Professional Development**

The School shall conduct training for all staff members on their responsibilities under applicable laws and this policy, including teachers, administrators, counselors, social workers, and health staff. Information regarding this policy shall be incorporated into training for new school employees.

To the extent funding is available, the school shall implement ongoing professional development to build the skills of all staff members to prevent, identify and respond to bullying, harassment, and discrimination. The content of such professional development shall include, but not be limited to:





- i. terms, concepts, and current developmental understandings of gender identity, gender expression, and gender diversity in children and adolescents;
- ii. developmentally appropriate strategies for communication with students and parents about issues related to gender identity and gender expression that protect student privacy;
- iii. developmentally appropriate strategies for preventing and intervening in bullying incidents, including cyberbullying;
- iv. classroom-management practices, curriculum, and resources that educators can integrate into their classrooms to help foster a more gender-inclusive environment for all students;
- (v) school and District policies regarding bullying, harassment, discrimination, and suicide prevention and responsibilities of staff.



**NEVADA CITY  
SCHOOL OF THE ARTS**

**CONSOLIDATED  
AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**A NONPROFIT PUBLIC BENEFIT CORPORATION  
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Nevada City School of the Arts (Charter No. 0869)

**AND CONSOLIDATED WITH**

Raven Springs, LLC

**NEVADA CITY SCHOOL OF THE ARTS**  
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**JUNE 30, 2021**

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## **FINANCIAL SECTION**

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DRAFT

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Nevada City School of the Arts  
Nevada City, California

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nevada City School of the Arts as of June 30, 2021, 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.

**Other Matters***Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc".

San Diego, California  
January 19, 2022

**NEVADA CITY SCHOOL OF THE ARTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

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**ASSETS**

## Current assets

Cash and cash equivalents	\$	710,505
Accounts receivable		1,137,568
Prepaid expenses		59,606
Total current assets		<u>1,907,679</u>

## Noncurrent assets

Deposits		13,786
Capital assets, net		<u>4,756,990</u>
Total noncurrent assets		<u>4,770,776</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>6,678,455</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$	186,793
Rental security deposits		13,859
Notes payable		<u>1,821,740</u>
Total liabilities		<u>2,022,392</u>

## Net assets

Without donor restrictions		4,605,696
With donor restrictions		<u>50,367</u>
Total net assets		<u>4,656,063</u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>6,678,455</u></b>

The notes to the consolidated financial statements are an integral part of this statement.

**NEVADA CITY SCHOOL OF THE ARTS  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 2,371,172	\$ -	\$ 2,371,172
Federal revenues	546,671	-	546,671
Other state revenues	1,290,663	19,873	1,310,536
Total federal and state support and revenues	4,208,506	19,873	4,228,379
Local support and revenues			
Payments in lieu of property taxes	1,471,091	-	1,471,091
Investment income, net	483	-	483
Rental income	225,927	-	225,927
Other local revenues	168,770	-	168,770
Total local support and revenues	1,866,271	-	1,866,271
<b>Total Support and Revenues</b>	<b>6,074,777</b>	<b>19,873</b>	<b>6,094,650</b>
<b>EXPENSES</b>			
Program services	3,368,149	-	3,368,149
Supporting services			
Management and general	2,390,265	-	2,390,265
Fundraising	70,183	-	70,183
<b>Total Expenses</b>	<b>5,828,597</b>	<b>-</b>	<b>5,828,597</b>
<b>CHANGE IN NET ASSETS</b>	<b>246,180</b>	<b>19,873</b>	<b>266,053</b>
<b>Net Assets - Beginning</b>	<b>4,359,516</b>	<b>30,494</b>	<b>4,390,010</b>
<b>Net Assets - Ending</b>	<b>\$ 4,605,696</b>	<b>\$ 50,367</b>	<b>\$ 4,656,063</b>

The notes to the consolidated financial statements are an integral part of this statement.



**NEVADA CITY SCHOOL OF THE ARTS  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
<b>EXPENSES</b>				
Personnel expenses				
Certificated salaries	\$ 1,300,780	\$ 186,005	\$ -	\$ 1,486,785
Non-certificated salaries	662,848	586,179	51,205	1,300,232
Pension contributions	356,600	54,761	1,999	413,360
Payroll taxes	94,970	47,228	4,458	146,656
Other employee benefits	236,169	125,219	8,572	369,960
Total personnel expenses	2,651,367	999,392	66,234	3,716,993
Non-personnel expenses				
Books and supplies	258,455	82,519	951	341,925
Insurance	-	110,522	-	110,522
Facilities	1,335	373,675	-	375,010
Professional services	369,759	341,022	1,741	712,522
Interest expense	-	79,330	-	79,330
Depreciation	-	336,915	-	336,915
Authorizing agency fees	38,205	-	-	38,205
Other operating expenses	49,028	66,890	1,257	117,175
Total non-personnel expenses	716,782	1,390,873	3,949	2,111,604
<b>Total Expenses</b>	<b>\$ 3,368,149</b>	<b>\$ 2,390,265</b>	<b>\$ 70,183</b>	<b>\$ 5,828,597</b>

The notes to the consolidated financial statements are an integral part of this statement.

**NEVADA CITY SCHOOL OF THE ARTS  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 266,053
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	336,915
Loss on disposal of assets	797,999
(Increase) decrease in operating assets	
Accounts receivable	(390,290)
Prepaid expenses	(18,509)
Increase (decrease) in operating liabilities	
Accounts payable	75,517
Deferred revenue	(15,145)
Rental security deposits	13,859
<b>Net cash provided by (used in) operating activities</b>	<u>1,066,399</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of capital assets	(110,434)
<b>Net cash provided by (used in) investing activities</b>	<u>(110,434)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Cash proceeds from line of credit	69,475
Principal payments on notes payable	(594,195)
<b>Net cash provided by (used in) financing activities</b>	<u>(524,720)</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

431,245

**Cash and cash equivalents - Beginning**

279,260

**Cash and cash equivalents - Ending**

\$ 710,505

**SUPPLEMENTAL DISCLOSURE**

Cash paid for interest	<u>\$ 79,330</u>
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The notes to the consolidated financial statements are an integral part of this statement.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Nevada City School of the Arts (the “Organization”) was formed as a nonprofit public benefit corporation on November 9, 2007 for the purpose of operating as a California public school located in Nevada County.

The Organization’s school, Nevada City School of the Arts (the “Charter”) was numbered by the State Board of Education in May 2007 as California Charter No. 0869. The mission of the Nevada City School of the Arts is to nurture and inspire academic excellence through the arts for children in transitional kindergarten through eighth grade. The Charter is authorized to operate as a charter school through the Nevada County Superintendent of Schools (the “authorizing agency”). In February 2017, the Nevada County Board of Education approved a charter petition renewal for a five-year term beginning July 1, 2017 and expiring on June 30, 2022. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

In April 2020, articles of incorporation were filed to establish a limited liability corporation under Raven Springs, LLC (the “LLC”) whereby the Organization is the sole statutory member of the LLC. As such, the LLC is deemed a “disregarded entity” and its financial information is consolidated with the Organization.

**B. Basis of Accounting**

The Organization’s policy is to prepare its consolidated financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

**C. Financial Statement Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018. Under the Guide, Nevada City School of the Arts is required to report information regarding its financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net assets with donor restrictions* – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

With respect to the Charter, the Organization also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Organization’s financial statement presentation.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Principals of Consolidation**

The accompanying financial statements include the accounts of Nevada City School of the Arts and Raven Springs, LLC, which comprise the Organization as a whole. Intercompany accounts and transactions have been eliminated in consolidation.

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

**F. Functional Expenses**

The costs of providing services have been summarized on a functional basis in the consolidated statement of activities and detailed in the consolidated statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

**G. Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

**H. In Lieu of Property Taxes Revenue**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the local school district. In lieu of distributing funds out of property tax proceeds, the local school district makes monthly payments to Nevada City School of the Arts. Revenues are recognized by the Organization when earned.

**I. Cash and Cash Equivalents**

Nevada City School of the Arts considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Investments**

The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**K. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization established or adjusts the allowance for specific revenue sources as a whole. At June 30, 2021, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**L. Capital Assets**

Nevada City School of the Arts has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

**M. Deferred Revenue**

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

**N. Fair Value Measurements**

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described on the following page.

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.  |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Income Taxes**

Nevada City School of the Arts is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Nevada City School of the Arts, the Charter, is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Raven Springs, LLC, is exempt from state franchise or income tax under Section 23701(h) of the California Revenue and Taxation Code. As a school, the Organization is not required to register with the California Attorney General as a charity.

The Organization's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

**P. New Accounting Pronouncement**

**Leases**

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. The Organization will determine the impact on the financial statements once required to implement in the 2022-23 fiscal year.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2021, consists of the following:

	Nevada City School of the Arts	Raven Springs, LLC	Consolidated Total
Cash in banks, interest bearing	\$ 340,515	\$ 324,877	\$ 665,392
Cash in banks, non-interest bearing	45,113	-	45,113
<b>Total Cash and Cash Equivalents</b>	<b>\$ 385,628</b>	<b>\$ 324,877</b>	<b>\$ 710,505</b>

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Organization does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2021, \$508,396 of the Organization's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one bank.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable for the Charter, as of June 30, 2021, consists of the following:

Local control funding sources, state aid	\$ 468,785
Federal sources	191,594
Other state sources	317,766
In lieu property taxes	63,929
Other local sources	95,494
<b>Total Accounts Receivable</b>	<b>\$ 1,137,568</b>

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 4 – CAPITAL ASSETS**

A summary of activity related to capital assets, during the year ended June 30, 2021, consists of the following:

<b>Nevada City School of the Arts</b>	Balance July 1, 2020	Additions	Disposals	Intercompany Transfers In/(Out)	Balance June 30, 2021
Property and equipment					
Land	\$ 1,439,912	\$ -	\$ -	\$ (1,335,647)	\$ 104,265
Buildings and improvements	5,251,225	135,377	562,351	(4,688,874)	135,377
Furniture and equipment	5,305	20,000	-	(5,305)	20,000
Construction in progress	164,158	24,970	69,913	-	119,215
Total property and equipment	6,860,600	180,347	632,264	(6,029,826)	378,857
Less accumulated depreciation	(1,079,130)	(10,007)	(105,441)	869,424	(114,272)
<b>Capital Assets, net</b>	<b>\$ 5,781,470</b>	<b>\$ 170,340</b>	<b>\$ 526,823</b>	<b>\$ (5,160,402)</b>	<b>\$ 264,585</b>
<b>Raven Springs, LLC</b>	Balance July 1, 2020	Additions	Disposals	Intercompany Transfers In/(Out)	Balance June 30, 2021
Property and equipment					
Land	\$ -	\$ -	\$ -	\$ 1,335,647	\$ 1,335,647
Buildings and improvements	-	-	423,688	4,688,874	4,265,186
Furniture and equipment	-	-	-	5,305	5,305
Construction in progress	-	-	-	-	-
Total property and equipment	-	-	423,688	6,029,826	5,606,138
Less accumulated depreciation	-	(326,908)	(82,599)	(869,424)	(1,113,733)
<b>Capital Assets, net</b>	<b>\$ -</b>	<b>\$ (326,908)</b>	<b>\$ 341,089</b>	<b>\$ 5,160,402</b>	<b>\$ 4,492,405</b>
<b>Consolidated Capital Assets, net</b>	<b>\$ 5,781,470</b>	<b>\$ (156,568)</b>	<b>\$ 867,912</b>	<b>\$ -</b>	<b>\$ 4,756,990</b>

The following transactions occurred during the fiscal year ended June 30, 2021:

On July 10, 2020, Nevada City School of the Arts sold a parcel of land to an unrelated buyer for a sales price of \$504,000. As part of the closing settlement, the principal balance of the second construction loan mentioned in Note 6 was fully repaid.

After the July 2020 property sale, Nevada City School of the Arts transferred all property and related debt to Raven Springs, LLC as part of the governing board's approved transfer agreement and in line with the intended purpose of the LLC's formation. The difference between the net amount of transferred assets and liabilities amounted to \$3,442,286 and is considered a capital contribution to the LLC and is an investment for Nevada City School of the Arts.

In September 2020, Raven Springs, LLC sold a 55-acre lot along with a residential structure on the property to an unrelated buyer for a sales price of \$468,000. There was no debt held on this particular parcel.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable, as of June 30, 2021, consists of the following:

	Nevada City School of the Arts	Raven Springs, LLC	Consolidated Total
Salaries and benefits	\$ 80,683	\$ -	\$ 80,683
Due to authorizing agency	38,205	-	38,205
Vendor payables	22,983	37,001	59,984
Credit card liability	7,921	-	7,921
<b>Total Accounts Payable</b>	<b>\$ 149,792</b>	<b>\$ 37,001</b>	<b>\$ 186,793</b>

**NOTE 6 – NOTES PAYABLE**

A summary of activity related to loans payable, during the year ended June 30, 2021, consists of the following:

<b>Nevada City School of the Arts</b>	Balance July 1, 2020	Draws	Payments	Intercompany Transfers In/(Out)	Balance June 30, 2021
Mortgage loan	\$ 1,060,529	\$ -	\$ 18,460	\$ (1,042,069)	\$ -
Construction loans	885,931	-	225,459	(660,472)	-
Operational credit	400,000	-	300,000	-	100,000
On-Bill financing loan	-	69,475	3,130	-	66,345
	<b>\$ 2,346,460</b>	<b>\$ 69,475</b>	<b>\$ 547,049</b>	<b>\$ (1,702,541)</b>	<b>\$ 166,345</b>

  

<b>Raven Springs, LLC</b>	Balance July 1, 2020	Draws	Payments	Intercompany Transfers In/(Out)	Balance June 30, 2021
Mortgage loan	\$ -	\$ -	\$ 29,391	\$ 1,042,069	\$ 1,012,678
Construction loans	-	-	17,755	660,472	642,717
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,146</b>	<b>\$ 1,702,541</b>	<b>\$ 1,655,395</b>

  

<b>Consolidated Notes Payable</b>	<b>\$ 2,346,460</b>	<b>\$ 69,475</b>	<b>\$ 594,195</b>	<b>\$ -</b>	<b>\$ 1,821,740</b>
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**Mortgage and Construction Loans**

On November 14, 2016, the Nevada City School of the Arts entered into a mortgage loan agreement with Tri Counties Bank for the purpose of financing the purchase for real property located at 13032 Bitney Springs Road in Nevada City, California. The loan was for \$1,200,000 and bears interest of 4.97%. At June 30, 2021, the outstanding amount on the mortgage loan was \$1,012,678.

Also on November 14, 2016, the Nevada City School of the Arts entered into a construction loan agreement with Tri Counties Bank for improvements to the above mentioned property. The loan was for \$744,000 and bears interest of 4.75%. Once the project is complete, the construction loan will convert to permanent financing. As of June 30, 2021, the balance on this construction loan was \$642,717.

On July 23, 2019, Nevada City School of the Arts entered into a second construction loan with Tri Counties Bank for additional property improvements. The principal balance on the loan was \$250,000 but principal payment disbursements were advanced as construction costs were incurred. The loan held a maturity date of July 23, 2029 yet was fully repaid in the 2020-21 fiscal year as part of the property sale mentioned at Note 4.

On July 1, 2020 the mortgage loan, construction loans, and real property located 13032 Bitney Springs Road in Nevada City, California were transferred from the Charter to Raven Springs, LLC.



**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 6 – NOTES PAYABLE (continued)**

**Mortgage and Construction Loans (continued)**

Repayment obligations are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Mortgage</u>	<u>Construction</u>	<u>Total</u>
2022	\$ 93,590	\$ 58,028	\$ 151,618
2023	93,590	58,028	151,618
2024	93,590	58,028	151,618
2025	93,590	58,028	151,618
2026	93,590	58,028	151,618
Thereafter	780,520	518,890	1,299,410
Total minimum payments	1,248,470	809,030	2,057,500
Less: interest component	(235,792)	(166,313)	(402,105)
<b>Total</b>	<b>\$ 1,012,678</b>	<b>\$ 642,717</b>	<b>\$ 1,655,395</b>

**Operational Loan**

In September 2018, the Organization entered into a temporary cash transfer agreement with the Nevada County Superintendent of Schools for the borrowing of \$400,000. The purpose of the borrowing is to cover short-term cash flow needs. Interest on the borrowing is equal to the actual interest rate published by the Nevada County Treasury during the time of the loan. In November 2020, the loan was extended so that the funds, including all interest, are repaid no later than September 31, 2020. As of June 30, 2021, \$100,000 was outstanding on this loan.

**On-Bill Financing Loan**

On January 5, 2021, the Organization entered into an on-bill financing agreement with Pacific Gas and Electric. Pacific Gas and Electric, a utility company, incurred the costs related to clean energy upgrades. The Organization will repay the loan over the course of nine years and three months through their utility bill. Repayment obligations for the on-bill financing loan are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments</u>
2022	7,511
2023	7,511
2024	7,511
2025	7,511
2026	7,511
Thereafter	28,790
<b>Total</b>	<b>\$ 66,345</b>

**NOTE 7 – NET ASSETS**

**Net Assets with Donor Restrictions**

At June 30, 2021, the Charter held \$50,367 of net assets with donor restrictions consisting of the following programs from State-imposed restricted funding:

Lottery	\$ 44,608
Classified professional development grant	5,759
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 50,367</b>

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 7 – NET ASSETS (continued)**

**Net Assets without Donor Restrictions**

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization. At June 30, 2021, the Organization's net assets without donor restrictions consist of the following:

	Nevada City School of the Arts	Raven Springs, LLC	Consolidated Total
Net investment in capital assets	\$ 264,585	\$ 2,837,010	\$ 3,101,595
Board designation			
Reserve for economic uncertainty	286,699	-	286,699
Special education reserve	118,668	-	118,668
Facilities reserve	296,670	-	296,670
JPA contingency reserve	13,786	-	13,786
Total board designations	715,823	-	715,823
Undesignated	506,368	274,017	780,385
<b>Total Net Assets without Donor Restrictions</b>	<b>\$ 1,486,776</b>	<b>\$ 3,111,027</b>	<b>\$ 4,597,803</b>

**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Nevada City School of the Arts utilized a line of credit which can be drawn upon to ensure financial assets are available as general expenditures and other obligations become due. The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year.

Financial assets	
Cash and cash equivalents	\$ 710,505
Accounts receivable	1,137,568
Prepaid expenses	59,606
Total Financial Assets, excluding noncurrent	1,907,679
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(50,367)
Board designations	(715,823)
<b>Financial Assets available to meet cash needs</b>	
<b>    for expenditures within one year</b>	<b>\$ 1,141,489</b>

**NOTE 9 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election for its certificated personnel. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Charter also offers all employees an alternative plan who may not qualify for CalSTRS.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 9 – EMPLOYEE RETIREMENT PLANS (continued)**

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

**Plan Description**

Nevada City School of the Arts contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2020-21 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2020-21	\$ 393,497	100%
2019-20	\$ 247,925	100%
2018-19	\$ 205,846	100%

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Nevada City School of the Arts is estimated at \$157,877. The on-behalf payment amount is computed as the proportionate share of total 2019-20 State on-behalf contributions.

**Alternative Plan**

As established by federal law, all public sector employees who are not members of their employer's existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Charter offers both social security and a 403(b) plan. All employees are eligible to participate in the plans. A participant of the 403(b) plan may make an election to defer compensation and have it contributed to this plan. Total employer contributions made to the plan during the fiscal year ended June 30, 2021 was \$19,863.

**NOTE 10 – DONATED MATERIALS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Nevada City School of the Arts in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, Nevada City School of the Arts is approved to operate as a public charter school through authorization by the Nevada County Superintendent of Schools. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

**Governmental Funds**

Nevada City School of the Arts 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities for the charter. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately \$2,706,182 as of **June 30, 2020**. The Charter does not currently intend to withdraw the Charter from CalSTRS. Refer to Note 9 for additional information on employee retirement plans.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

**Authorizing Agency**

The Charter makes payments to the authorizing agency, Nevada County Superintendent of Schools, to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees to the authorizing agency for oversight amounted to \$38,205 for the fiscal year ending June 30, 2021.

**Interagency Transactions**

As mentioned in Note 1A, Nevada City School of the Arts and Raven Springs LLC are considered financially interrelated under generally accepted accounting principles because of the statutory relationship. As such, interagency transactions and balances are eliminated in the consolidated financial statements of the Organization to better reflect the true activities of the corporation. Transactions during the fiscal year that were excluded and shown as eliminations on the consolidating statement of financial position within the supplementary information include:

- The net transfer of capital assets and notes payable, as mentioned in Note 4 and Note 6, recorded as an investment to the Charter and local income to the LLC.
- Lease payments recorded as a lease expense to the Charter and rental income to the LLC.
- Professional service payments recorded as local income to the Charter and a supporting service expense to the LLC.
- Proceeds from the sale of capital assets recorded as local income to the Charter and a supporting service expense to the LLC.

**NEVADA CITY SCHOOL OF THE ARTS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 13 – SUBSEQUENT EVENTS**

Nevada City School of the Arts has evaluated subsequent events for the period from June 30, 2021 through January 19, 2022, the date the financial statements were available to be issued. On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the new term expiration date to the charter petition mentioned in Note 1A is June 30, 2024. Although no action is required by the charter schools or charter authorizers for this extension, AB 130 does not preclude charter authorizers from invoking revocation procedures. Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**NEVADA CITY SCHOOL OF THE ARTS**  
**LEA ORGANIZATION STRUCTURE**  
**JUNE 30, 2021**

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Nevada City School of the Arts, located in Nevada County, was formed as a nonprofit public benefit corporation on November 9, 2007. The charter school operated by the nonprofit, Nevada City School of the Arts, was numbered by the State Board of Education in May 2007 as Charter No. 0869. The Charter is authorized to operate as a charter school through the Nevada County Superintendent of Schools. Classes began in August 2007. During 2020-21, the Charter served approximately 430 students in grades TK to 8.

**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
LeeAnne Haglund	Board Chair	June 30, 2023
Lauren Hesterman	Vice Chair	June 30, 2023
Meshawn Simmons	Treasurer	June 30, 2023
Marin Bryars	Member	August 1, 2021
Trisha Zakon	Member	June 30, 2022
Meghan Archer	Member	June 30, 2022
Laura LeBleu	Member	June 30, 2023
Qayyuma Didomenico	Member	June 30, 2022

**ADMINISTRATION**

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Holly Pettitt  
*School Director*

Melissa Brokenshire  
*Business Manager*

See accompanying note to supplementary information.

**NEVADA CITY SCHOOL OF THE ARTS**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

California Charter No.	0869			
	Nevada City School of the Arts	Raven Springs, LLC	Eliminations	Consolidated Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 385,628	\$ 324,877	\$ -	\$ 710,505
Investments	3,442,286	-	(3,442,286)	-
Accounts receivable	1,137,568	-	-	1,137,568
Prepaid expenses	59,606	-	-	59,606
Total current assets	5,025,088	324,877	(3,442,286)	1,907,679
Noncurrent assets				
Deposits	13,786	-	-	13,786
Capital assets, net	264,585	4,492,405	-	4,756,990
Total noncurrent assets	278,371	4,492,405	-	4,770,776
<b>Total Assets</b>	<b>\$ 5,303,459</b>	<b>\$ 4,817,282</b>	<b>\$ (3,442,286)</b>	<b>\$ 6,678,455</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 149,792	\$ 37,001	\$ -	\$ 186,793
Rental security deposits	-	13,859	-	13,859
Notes payable	166,345	1,655,395	-	1,821,740
Total liabilities	316,137	1,706,255	-	2,022,392
Net assets				
Without donor restrictions	4,936,955	3,111,027	(3,442,286)	4,605,696
With donor restrictions	50,367	-	-	50,367
Total net assets	4,987,322	3,111,027	(3,442,286)	4,656,063
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,303,459</b>	<b>\$ 4,817,282</b>	<b>\$ (3,442,286)</b>	<b>\$ 6,678,455</b>

See accompanying note to supplementary information.



**NEVADA CITY SCHOOL OF THE ARTS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	California Charter No. 0869 Nevada City School of the Arts			Raven Springs, LLC	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total			
<b>SUPPORT AND REVENUES</b>						
Federal and state support and revenues						
Local control funding formula, state aid	\$ 2,371,172	\$ -	\$ 2,371,172	\$ -	\$ -	\$ 2,371,172
Federal revenues	546,671	-	546,671	-	-	546,671
Other state revenues	1,290,663	19,873	1,310,536	-	-	1,310,536
Total federal and state support and revenues	4,208,506	19,873	4,228,379	-	-	4,228,379
Local support and revenues						
Payments in lieu of property taxes	1,471,091	-	1,471,091	-	-	1,471,091
Investment income, net	483	-	483	-	-	483
Rental income	-	-	-	831,922	(605,995)	225,927
Other local revenues	613,844	-	613,844	3,445,583	(3,890,657)	168,770
Total local support and revenues	2,085,418	-	2,085,418	4,277,505	(4,496,652)	1,866,271
<b>Total Support and Revenues</b>	<b>6,293,924</b>	<b>19,873</b>	<b>6,313,797</b>	<b>4,277,505</b>	<b>(4,496,652)</b>	<b>6,094,650</b>
<b>EXPENSES</b>						
Program services	3,368,149	-	3,368,149	-	-	3,368,149
Supporting services						
Management and general	2,295,640	-	2,295,640	1,148,991	(1,054,366)	2,390,265
Fundraising	70,183	-	70,183	-	-	70,183
<b>Total Expenses</b>	<b>5,733,972</b>	<b>-</b>	<b>5,733,972</b>	<b>1,148,991</b>	<b>(1,054,366)</b>	<b>5,828,597</b>
<b>CHANGE IN NET ASSETS</b>	559,952	19,873	579,825	3,128,514	(3,442,286)	266,053
<b>Net Assets - Beginning</b>	4,377,003	30,494	4,407,497	(17,487)	-	4,390,010
<b>Net Assets - Ending</b>	<b>\$ 4,936,955</b>	<b>\$ 50,367</b>	<b>\$ 4,987,322</b>	<b>\$ 3,111,027</b>	<b>\$ (3,442,286)</b>	<b>\$ 4,656,063</b>

See accompanying note to supplementary information.

**NEVADA CITY SCHOOL OF THE ARTS  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2021**

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<b>Grade Span</b>	<b>2020-21</b>	<b>Status</b>
	<b>Number of Days</b>	
Kindergarten*	175	Complied
Grades 1 through 3	175	Complied
Grades 4 through 8	175	Complied

\*Includes Transitional Kindergarten (TK)

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See accompanying note to supplementary information.

**NEVADA CITY SCHOOL OF THE ARTS**  
**RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL**  
**STATEMENTS**  
**JUNE 30, 2021**

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June 30, 2021, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 4,903,060</u>
Adjustments:	
Increase (decrease) in total net assets:	
Reverse State funding accounts receivable accrual	(117,194)
Reverse bad debt expenditure	209,438
Reconcile beginning balance of net assets	<u>(7,982)</u>
Net adjustments	<u>84,262</u>
June 30, 2021, net assets per audited financial statements*	<u>\$ 4,987,322</u>

\*The Financial Report – Alternative Form is reconciled to the Charter's net assets and does not include the net assets of Raven Springs, LLC.

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**NEVADA CITY SCHOOL OF THE ARTS  
NOTE TO THE SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**A. LEA Organization Structure**

This schedule provides information about the local education agency (LEA or charter school), including the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

**B. Consolidating Financial Statements**

The Organization's consolidating financial statements of financial position and activities provide information supporting amounts incorporated from Nevada City School of the Arts, the charter school, and Raven Springs LLC in the Organization's consolidated financial statements.

**C. Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Nevada City School of the Arts and whether the Charter complied with the provisions of *Education Code Section 47612*.

**D. Reconciliation of Financial Report – Alternative Form with Audited Financial Statements**

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to the Charter's net assets on the audited consolidating financial statements.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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**

Independent Auditors' Report

To the Board of Directors of  
Nevada City School of the Arts  
Nevada City, California

We have audited, 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, the consolidated financial statements of Nevada City School of the Arts (the "Organization") as of and for the year ended June 30, 2021, and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 19, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc".

San Diego, California  
January 19, 2022

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## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

To the Board of Directors of  
Nevada City School of the Arts  
Nevada City, California

#### **Report on State Compliance**

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

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Nevada City School of the Arts' state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Nevada City School of the Arts' 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 compliance with the requirements referred to above. However, our audit does not provide a legal determination of Nevada City School of the Arts' compliance with those requirements.

#### **Opinion on State Compliance**

In our opinion, Nevada City School of the Arts complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the following table for the year ended June 30, 2021.



## Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Nevada City School of the Arts' compliance with the state laws and regulations applicable to the following:

Description	Procedures Performed
<b>Local Education Agencies</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Instructional Time	Yes
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
K-3 Grade Span Adjustment	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Independent Study – Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Yes

*Christy White, Inc*

San Diego, California  
January 19, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**NEVADA CITY SCHOOL OF THE ARTS  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Financial Statements**

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

**Federal Awards**

*The Organization did not expend more than \$750,000 in federal awards;  
therefore, a Federal Single Audit under OMB Uniform Grant Guidance  
is not applicable.*

**State Awards**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**NEVADA CITY SCHOOL OF THE ARTS  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

There were no audit findings related to the financial statements during 2020-21.

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**NEVADA CITY SCHOOL OF THE ARTS  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2020-21.

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**NEVADA CITY SCHOOL OF THE ARTS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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There were no audit findings reported in the 2019-20 fiscal year.

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## Policies

100 - Board Policies

200 - Instruction Policies

300 - Student Policies

400 - Community Relations Policies

500 - Personnel Policies

600 - Management Support Services Policies

~~Strikethrough~~ - Retired policy

P - Procedure

F - Form

A - Attachment

N - Notice (change yearly)

Number	Policy Name	Original Adopted/Ratified Date	Update Date	Reviewed by	Review Date	Board Approved Revision Date	Annual Notice Required
<b>100</b>	<b>Board of Directors - Policy Register</b>	11/22/2016	9/27/2017	Director/Council/CBLD		1/27/2022	
<b>A</b>	Ends Policy	11/22/2016	9/27/2017	Council/CBLD		1/27/2022	
<b>B</b>	Executive Limitations - Global Executive Constraint	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B1</b>	Financial Condition and Activities	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B2</b>	Planning and Financial Budgeting	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B3</b>	Asset Protection	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B4</b>	Treatment of Parents and Students	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B5</b>	Staff Treatment and Compensation	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B6</b>	Communication to the Council	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B7</b>	Council Logistical Support	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>B8</b>	Emergency School Director Succession	11/22/2016		Director/Council/CBLD		1/27/2022	
<b>C</b>	Council Process - Global Governance Commitment	11/22/2016		Council/CBLD		1/27/2022	
<b>C1</b>	Governing Style	11/22/2016		Council/CBLD		1/27/2022	
<b>C2</b>	Council Responsibilities	11/22/2016		Council/CBLD		1/27/2022	
<b>C3</b>	Agenda Planning	11/22/2016		Council/CBLD		1/27/2022	
<b>C4</b>	Council Meetings	11/22/2016		Council/CBLD		1/27/2022	
<b>C5</b>	Council Members' Code of Conduct	11/22/2016		Council/CBLD		1/27/2022	
<b>C6</b>	Officers' Roles	11/22/2016		Council/CBLD		1/27/2022	
<b>C7</b>	Council Committee Principles	11/22/2016		Council/CBLD		1/27/2022	
<b>C8</b>	Governance Investment	11/22/2016		Council/CBLD		1/27/2022	
<b>D</b>	Global Council-School Director Connection	11/22/2016		Council/CBLD		1/27/2022	
<b>D1</b>	Unity of Control	11/22/2016		Council/CBLD		1/27/2022	
<b>D2</b>	Accountability of the School Director	11/22/2016		Council/CBLD		1/27/2022	
<b>D3</b>	Delegation to the School Director	11/22/2016		Council/CBLD		1/27/2022	
<b>D4</b>	Evaluating the School Director	11/22/2016		Council/CBLD		1/27/2022	
101	Conflict of Interest	11/7/2014		County/Melissa/Holly	12/1/2021	1/27/2022	
101F	Conflict of Interest Policy Acknowledgement Form	11/7/2014		County/Melissa/Holly	12/1/2021	1/27/2022	
<b>200</b>	<b>Instruction</b>						
201	Title I, Parent and Family Engagement Policy	2/27/2020	3/23/2020	Angie/Holly/Melissa/Attorney	12/1/2021	1/27/2022	

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201F	School-Parent Compact	2/27/2020	3/23/2020	Angie/Holly/Melissa/Attorney	12/1/2021	1/27/2022	
202	Independent Study Policy	6/30/2017	9/17/2020	Attorney/Melissa/Holly/Erin	8/18/2021	1/27/2022	
202Fa	Independent Study Master Agreement	6/30/2017		Erin/Melissa/Attorney	8/18/2021	1/27/2022	
202Fb	IS Assignment Record/Daily Participation Record	6/30/2017		Erin/Melissa/Attorney	8/18/2021	1/27/2022	
202Fc	IS Attendance Record	6/30/2017		Erin/Melissa/Attorney	3/15/2020	4/30/2020	
203	Comprehensive Sexual Health Education Policy	2/27/2020		Debbie/Melissa/Attorney/Holly	12/1/2021	1/27/2022	
204	English Language Learners (ELL) Policy	12/1/2021		Holly/Melissa/Attorney	12/1/2021	1/27/2022	
205	Student Study Team Policy	4/30/2020		Holly/Melissa/Attorney	12/1/2021	1/27/2022	
206F	Zoom Participation Agreement	8/24/2020		Toni/Holly	12/1/2021	1/27/2022	
207	Hot spot Contract/Agreement	8/24/2020		Toni/Melissa/Holly	11/5/2020	1/27/2022	
<b>300</b>	<b>Student</b>						
301	Enrollment Policy	1994	11/20/2019	H. Pettitt	12/4/2021	1/27/2022	
302	Title IX Harassment, Intimidation, Discrimination and Bullying Policy	10/1/2014	1/16/2020	Attorney/Melissa/Holly	12/1/2021	1/27/2022	Yes
302F	Title IX Harassment, Intimidation, Discrimination and Bullying Complaint Form	10/1/2014	9/28/2017	Attorney/Melissa/Holly	12/1/2021	1/27/2022	
303	Education for Homeless Children and Youth Policy	6/13/2019	9/28/2017	Attorney/Melissa/Holly	12/1/2021	1/27/2022	Yes
304	Educational Records and Student Information Policy	1/16/2020	1/16/2020	Attorney/Melissa/Holly	12/1/2021	1/27/2022	Yes
304F	Request for Student's Cumulative Records and SSID	1/16/2020	1/16/2020	Attorney/Melissa/Holly	12/1/2021	1/27/2022	
305	Education for Foster and Mobile Youth Policy	1/30/2020	1/30/2020	Attorney/Melissa/Holly	2/27/2020	1/27/2022	Yes
306	Free and Reduced Priced Meals Policy	2/27/2020	2/27/2020	Attorney/Melissa/Holly	2/27/2020	1/27/2022	Yes & Website
307	Nondiscrimination Statement	2/27/2020		Attorney/Melissa/Holly	2/27/2020	1/27/2022	
308	Student Wellness Policy	6/21/2018	9/23/2020	Attorney/Dre/Melissa	2/27/2020	1/27/2022	Yes
309	Student Freedom of Speech and Expression Policy	2/27/2020		Attorney/Melissa/Holly	12/1/2021	1/27/2022	
310F	Permission for Student Google account	3/26/2020	8/24/2020	Toni/Holly/Melissa	12/1/2021	1/27/2022	
311	Suicide Prevention	6/26/2017	6/26/2017	Scott/Irene/Holly	12/1/2021	1/27/2022	
312	Administration of Medication Policy	5/16/2016	9/12/2018	S. LaJuenesse	12/1/2021	1/27/2022	
313	Cell Phones, Pagers & Other Electronic Signaling Devices Policy	9/28/2017	6/28/2019	Attorney/H. Pettitt	12/1/2021	1/27/2022	
314	Section 504: Policy, Procedures, and Parent Rights Regarding Identification, Evaluation and Education	3/26/2020		Attorney/H. Pettitt	12/1/2021	1/27/2022	



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315	Special Education Policy	3/26/2020		Attorney/Holly/Melissa	12/1/2021	1/27/2022	
316	Classroom and School Volunteer, Visitation and Removal Policy	3/26/2020		Holly/Melissa	12/1/2021	1/27/2022	
317	Dress Code Policy	3/21/2019		H.Pettitt	12/1/2021	1/27/2022	
318	Social Media Policy	1/16/2020		Attorney/Melissa/Holly	12/1/2021	1/27/2022	Yes
319	Concussion Policy	3/4/2019		S. LaJuenesse	12/1/2021	1/27/2022	
320	Immunization Policy	4/30/2020		Attorney/Stacy/Melissa	12/1/2021	1/27/2022	
321	Head Lice	9/25/2009	12/1/2021	S. LaJuenesse	12/1/2021	1/27/2022	
322	Home Hospital Policy	3/8/2019	3/23/2019	S. LaJuenesse	3/23/2020	4/30/2020	
322F	Home Hospital – Physicians Report Form	3/8/2019	3/23/2019	S. LaJuenesse	3/23/2020	4/30/2020	
322F	Home Hospital – Parent Agreement	3/8/2019	3/23/2019	S. LaJuenesse	3/23/2020	4/30/2020	
324P	Informing Parents about Diabetes Procedure	10/26/2016	11/18/2016	S. LaJuenesse	12/1/2021	1/27/2022	
325	Student Accident Policy	4/30/2020		Melissa/Attorney	12/1/0221	1/27/2022	
326P	Child Abuse Reporting Procedure	3/20/2019		H. Pettitt		1/27/2022	
327	Conflict Resolution (student)	6/1/2019		H. Pettitt		1/27/2022	
328	Discipline, Suspension and Expulsion Policy & Procedures	05/03/2017	5/3/2017	Legal Team		1/27/2022	
329	Promotion and Retention Policy	6/30/2017	9/28/2017	Attorney/Melissa/Holly		1/27/2022	Yes
329F	Promotion & Retention Appeal Request Form	4/30/2020		Attorney/Melissa/Holly		1/27/2022	
330	Early Admissiion to Kindergarten	9/15/2014	9/24/2018	NCSOS	12/1/2021	1/27/2022	
331	Student Attendance Review Board (SARB) Referral Policy	9/5/2014	8/24/2020	Legal Team	12/1/2021	1/27/2022	
332	Income Eligibility Form Entry for Unduplicated Student Policy	3/20/2015	9/28/2017	Erin/Melissa/Attorney	12/1/2021	1/27/2022	
333	Mobile Agreement	4/30/2020	7/10/2020	Toni Holman	12/1/2021	1/27/2022	
334	Late Start	1/9/2010	9/28/2017	H. Pettitt	12/1/2021	4/30/2020	
335	Student Instructional Technology Acceptable Use and Internet Safety Policy	10/3/2019	8/24/2020	Toni/Holly/Melissa	12/1/2021	1/27/2022	Y
336F	Locker Agreement	4/30/2020		H. Pettitt	12/1/2021	1/27/2022	
337	Public Art on display at NCSA campus	12/7/2012	3/23/2015	J. Deaderick	12/1/2021	1/27/2022	
338	Local Meal Charge Policy	6/21/2018	3/22/2021	Melissa/Dre/Sarah/Cindy	3/22/2021	1/27/2022	
<b>400</b>	<b>Community Relations</b>						
401	Communication Pathways	10/28/2011	3/9/2016	H. Pettitt	12/1/2021	1/27/2022	
402	Complaints Concerning School Employees	8/20/2010	6/30/2017	Legal Team		1/27/2022	

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<b>500</b>	<b>Personnel Policies</b>						
501	Injury and Illness Prevention Plan	10/26/2018	4/30/2020	Melissa/Legal Team		1/27/2022	
502	Employee Handbook	9/25/2015	4/30/2020	Melissa/Legal Team		1/27/2022	
502N	Professional Boundaries Notice	9/25/2015	10/25/2016	Melissa/Holly	12/1/2021	1/27/2022	
503	Teacher Credentialing Exceptions	12/7/2012	9/26/2017	NCSOS/Melissa	12/1/2021	1/27/2022	
503F	Assesment of Adequacy of Subject-Matter Knowledge	12/10/2020		Melissa		1/27/2022	
<b>600</b>	<b>Management Support Services</b>						
601	Uniform Complaint Policy and Procedures - Provided by Superintendent	2/27/2020		Attorney/Melissa/Holly	3/26/2020	1/27/2022	Yes
602	Tobacco Policy	2/27/2020		Toni/Melissa	12/1/2021	1/27/2022	
603	Classroom-Based Attendance Policy - Needs further review with attorney	2/27/2020	4/30/2020	Holly/Erin/Melissa/Attorney		1/27/2022	
604	General Complaints Policy	8/20/2010	6/30/2017	Legal Team		1/27/2022	
604F	General Complaint Form	2/27/2020		H. Pettitt		1/27/2022	
605	Comprehensive Safety Plan	10/2/2014	2/27/2020	Chris Espedal		1/27/2022	
606F	Lease Agreement	4/30/2020		Attorney/Melissa/Toni		4/30/2020	
607	Disenrollment Complaint Policy & Form	4/30/2020		Holly/Melissa/Toni/County		1/27/2022	
608	Accounting Policies and Procedures	5/16/2017	8/31/2017	Melissa/Auditor	12/1/2021	1/27/2022	
609	Fixed Assets Policy and Procedure	10/23/2017	10/26/2017	Melissa/Auditor	12/1/2021	1/27/2022	
610	Purchasing Policies	8/16/2016	9/21/2020	Melissa/Auditor	12/1/2021	1/27/2022	
611	Covid-19 School Site-Specific Protection Plan	8/13/2020	9/3/1901	H. Pettitt	8/1/2021	1/27/2022	
612	Code of Conduct Policy	9/24/2020	9/21/2020	Melissa/Holly		1/27/2022	
613	COVID-19 In-House Testing Policy			Melissa/Holly	1/12/2021	1/27/2022	
614	COVID-19 Prevention Plan				1/21/2021	1/27/2022	
614A	COVID-19 Prevention Plan - Appendix D: COVID-19 Training Roster				1/21/2021	1/27/2022	
614A	COVID-19 Prevention Plan - Appendix C1: Investigating COVID-19 Cases					1/27/2022	
614A	COVID-19 Prevention Plan - Appendix C2: Addendum school Exposure Reporting					1/27/2022	