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Ocean Charter School

Audit Presentation
Year ended June 30, 2024

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Results of Professional Services

Audit Adjustments

No audit adjustments, four adjustments were entered as provided by client

No uncorrected misstatements

Audit Opinion

- Financial Statement Audit:
 - Unmodified opinion
 - No material weaknesses or significant deficiencies identified
- State Compliance Audit:
 - Unmodified opinion
 - No material weaknesses or significant deficiencies identified





Results of Professional Services

New Accounting/Audit Standards – implemented 23/24

Enhanced financial reporting framework surrounding management estimates, including a method, assumptions, and further audit process on the data (Statement on Auditing Standards (SAS) No. 143).

Enhances the requirements and guidance on identifying and assessing the risks of material misstatement, particularly the areas of understanding the entity's system of internal control and assessing control risk (SAS 145).

Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (ASC 326)

Upcoming Accounting Standards – effective 24/25

ASU 2023-01 Leases: Common Control Arrangements
Clarifies applying Topic 842 to related party arrangements between entities under common control, reducing diversity in practice. Additional details in the governance letter included.





Financial Highlights





Financial Highlights – as of 6/30/24

Current Ratio

- Measures the ability to pay off short term obligations.
- Ocean Charter ratio is 2
- A healthy ratio is at least 2.

Months of Cash

- Quick snapshot of the organizations “survival time” were it to lose future funding or become unable to generate short-term revenue
- Ocean Charter has 2 months of cash.
- A healthy number is 3-6 months.





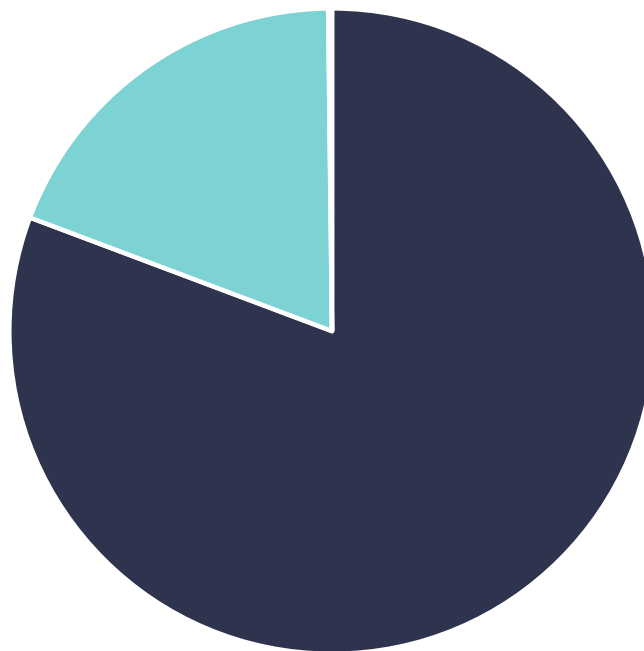
Financial Highlights – 23/24

- 2024 net loss of \$631,497
 - Note depreciation expense (non-cash) of \$1,466,021.
- Increase in cash of over \$329,766



Functional Expenses

Expenses



■ Program Services ■ Management and General ■ Fundraising





Creating Opportunities





CLA Resources and Publications

- **Harness Data for Your Nonprofit: Turn Information into Impact:**
<https://www.claconnect.com/en/resources/blogs/nonprofits/harness-data-for-your-nonprofit-turn-information-into-impact>
- **Use the OMB Compliance Supplement for Effective Grants Management:**
<https://www.claconnect.com/en/resources/articles/24/use-the-omb-compliance-supplement-for-effective-grants-management>
- **Engaging the Board: 7 Strategies for Effective Nonprofit Financial Reports:**
<https://www.claconnect.com/en/resources/blogs/nonprofits/engaging-the-board-7-strategies-for-effective-nonprofit-financial-reports>



Clean Energy Credits Available

- The investment tax credit (IRC §48). Applies to the purchase, construction, or installation of a broad range of items such as solar panels, geothermal systems, combined heat and power systems, and electrochromic glass, just to name a few.
- Credit for qualified commercial clean vehicles (IRC §45W). Applies to new electric vehicle purchases or leases.
- Alternative fuel vehicle refueling property credit (IRC §30C). Applies to several types of alternative fueling stations, including electric vehicle charge stations installed on nonprofit premises.





Preview of Expected State Compliance Changes



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Preliminary Changes – Expected 24/25

- Kindergarten Continuance – expected to be added 3/2025
 - For each pupil enrolled who turned six years old by September 1 and were enrolled in kindergarten for the audited year. A representative sample of these kindergarten pupils will be selected for further review. Enrollment history will be reviewed and for students who repeated kindergarten in 24/25 we will be verifying the school has a signed Kindergarten Continuance Form or a signed alternative kindergarten continuance parent agreement, approved in form and content by the CDE.
- Independent Study – expected to be added 3/2025
 - When the LEA uses time recorded to determine apportionment calculations, auditors are expected to verify the LEA documents the time recorded for student participation by online or computer-based instructional platforms.
 - Auditors are also expected to verify the LEA maintains documentation of hours or fraction of an hour of both pupil work products and the time that the pupil engaged in asynchronous instruction.
 - Short term independent study requirements updated to 15 school days.
 - Signatures on master agreements for short term independent study (cumulative for the school year of 15 days or less) – can be obtained at any time during the school year.





Preliminary Changes – Expected 25/26

- **ELOP**
 - For programs that charge family fees. We will need to verify fees were waived for pupils who are eligible for free/reduced priced meals, homeless youth, or in foster care.
 - We will also need to verify the fees were on a sliding scale that considers family income and ability to pay.
- **TK**
 - Adult to student ratio decreases to 10 students to 1 adult. No longer testing early enrollment TK.
 - Will need to verify the credentialed teacher assigned to a TK classroom met the requirements of ED Code Section 48000(g)(4). Ed Code in notes.
- **Immunizations**
 - Checking one Tdap dose for 7th graders.
- **Attendance Recovery**
 - Steps are not available yet, but this applies to Saturday school attendance recovery.





Preliminary Changes Expected – 25/26

- **Comprehensive School Safety Plan**
 - Verify the LEA adopted an instructional continuity plan per the requirements in Education Code Section 32282(a)(3)(A). Ed Code in notes.
 - Verify each school had its comprehensive school safety plan reviewed and updated by March 1 as described in Education Code sections 32286, 47605(c)(5)(F) and 47605.6(b)(5)(G), as applicable.
- **Independent Study**
 - Interviews of LEA administrative personnel and independent study teachers to determine if the LEA provided independent study pupils or their families with direct monetary funding or ownership of any other things of value such as equipment.





Appendix



Required Board Communications

Topic	Communication
Our Responsibility Under Generally Accepted Auditing Standards	<ul style="list-style-type: none"> Express an opinion on the fair presentation of the financial statements in conformity with GAAP Plan and perform the audit to obtain reasonable (a high level), but not absolute, assurance that the financial statements as a whole are free from material misstatement Obtain an understanding of internal control over financial reporting Utilize a risk-based audit approach Evaluate accounting policies and significant accounting estimates Conclude whether there is substantial doubt about the entity's ability to continue as a going concern Communicate significant matters to appropriate parties
Planned Scope and Timing of the Audit	<ul style="list-style-type: none"> Performed the audit according to the planned scope and timing previously communicated via the planning communication dated September 5, 2024.
Other Information Included in Annual Reports	<ul style="list-style-type: none"> Other information is comprised of the Local Education Agency Organization Structure. We did not identify any material inconsistencies between the other information and the audited financial statements.



Required Board Communications

Topic	Communication
Significant Accounting Policies	<ul style="list-style-type: none">• Management is responsible for the accounting policies of the organization• Accounting policies are outlined in Note 1 to the financial statements• Accounting policies deemed appropriate
Significant Accounting Estimates	<ul style="list-style-type: none">• An area of focus under a risk-based audit approach• Estimates determined by management based on their knowledge and experience• No management bias indicated• Estimates were deemed reasonable
Significant Unusual Transactions	<ul style="list-style-type: none">• No significant unusual transactions noted
Supplementary Information	<ul style="list-style-type: none">• Supplementary schedules• Engaged to report in relation to the financial statements as a whole• Method of preparing has not changed from the prior year• Supplementary information reconciles to financial statements• Supplementary information is appropriate and complete in relation to our audit





Required Board Communications

Topic	Communication
Management Representation Letter	<ul style="list-style-type: none">• Management will provide signed representation letter prior to finalization of the audit report
Other	<ul style="list-style-type: none">• No difficulties encountered in performing the audit• No issues discussed prior to retention as independent auditors• No disagreements with management regarding accounting, reporting, or other matters• No management consultations with other independent auditors• No difficult or contentious matters requiring consultations outside of the engagement team• No other findings or issues were discussed with, or communicated to, management
Form and Content of the Auditors' Report	<ul style="list-style-type: none">• Unmodified opinion

