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Attachment 7

January 17, 2023, Letter of Concern from the Los Angeles County Office of Education to T.I.M.E. Community Regarding the School's First Interim Report for Fiscal Year 2022–23

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**Letter dated January 17, 2023, from the Los Angeles
County Office of Education to T.I.M.E. Community
Regarding the School's First Interim Report for Fiscal
Year 2022–23**



Los Angeles County Office of Education

Serving Students ■ Supporting Communities ■ Leading Educators

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Superintendent

January 17, 2023

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Dr. Gabriel Ramirez, Executive Director
T.I.M.E. Community Schools
420 N. Montebello Blvd. Ste. 300
Montebello, CA 90640

Dear Dr. Ramirez:

Under Education Code (EC) Section 47604.33, the Los Angeles County Superintendent of Schools (County Superintendent) has completed the review of T.I.M.E. Community Schools' (TIME) First Interim Report for fiscal year 2022-23. Our analysis of the data provided indicates **TIME will not be able to meet its financial obligations for the current fiscal year** without sufficiently addressing its continuing deficit spending, rising debts, cash requirements, and negative Net Position. We offer our comments and concerns below.

FISCAL STABILIZATION PLAN (FSP)

TIME's 2022-23 Adopted Budget projected an operating surplus of approximately \$509,000 and an Ending Net Position of \$285,000 for 2022-23. TIME also projected surpluses of \$493,000 for 2023-24 and \$2.0 million for 2024-25 and ending Net Positions of \$778,000 and \$2.8 million, respectively. Our budget letter, dated October 6, 2022, expressed concerns regarding TIME's optimistic projections, deficit spending, rising debts, and cash flow. Therefore, we required TIME to submit a board-approved revised 2022-23 budget and multiyear projections for the subsequent two fiscal years by November 18, 2022, and updated monthly cash flow projections for the current fiscal year. We also requested TIME develop and implement a board-approved Fiscal Stabilization Plan (FSP) and submit it to our office by November 18, 2022. TIME timely submitted a revised budget, approved by its governing board on October 20, 2022, and monthly cash flow projections. TIME's 2022-23 First Interim Report projects an operating deficit of approximately (\$68,000) and a negative Ending Net Position of (\$337,000) for 2022-23. TIME's First Interim projection does not restore the negative Net Position to a positive balance and does not meet the 3.0 percent minimum REU requirement. **Therefore, TIME is required to submit a board-approved FSP, including a detailed narrative and implementable actions to address deficit spending, with the 2022-23 Second Interim Report, due to our office on or before March 9, 2023.**

Dr. Gabriel Ramirez, Executive Director
T.I.M.E. Community Schools
January 17, 2023
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DECLINING ENROLLMENT/AVERAGE DAILY ATTENDANCE (ADA)

TIME's 2022-23 First Interim Report projects enrollment of 65 and ADA of 60.80, representing a decrease of 43.70 ADA, or 41.82 percent from its Adopted Budget ADA of 104.50. Additionally, TIME's latest Month 4 Attendance Report reflects enrollment of 67 and ADA of 54.71, a decrease of 6.09 ADA or 10.02 percent from TIME's First Interim projection. Should the lower attendance continue, it will result in additional loss of revenues and place an additional burden on TIME's financial condition and cash needs, as discussed in this letter. Therefore, TIME should carefully monitor its enrollment and attendance trends and adjust its financial projections for the current and subsequent fiscal years accordingly. In addition, staffing needs and facilities planning should also be assessed and adjusted based on the actual rate of attendance.

DEFICIT SPENDING

TIME is projecting an operating deficit of approximately (\$68,000) and a negative Ending Net Position of (\$337,000) for 2022-23 compared to the projected surplus of \$509,000 and an Ending Net Position of \$285,000 in its Adopted Budget. The First Interim Report reflects a significant decrease in contingent revenues since the Adopted Budget. TIME projects facility sub-leasing revenues of \$133,333 and Charter School Facility Grant Program (SB 740) of \$66,266, compared to Adopted Budget projections of \$247,500 and \$113,895, respectively. However, as of January 10, 2023, TIME has secured two executed sub-lease agreements; the monthly rental income is \$6,000 from the first agreement and \$570 from the second agreement. Based on the effective dates of these agreements, the total estimated revenues to be generated in this fiscal year is \$57,990 (Lease #1: \$6,000 for 9 months and Lease #2: \$570 for 7 months), which is \$75,343 below the projected amount of \$133,333. Moreover, TIME has not secured an award letter for the SB 740 Grant of \$66,266. Should these revenues not materialize, it will further adversely impact TIME's financial condition and ability to meet its financial obligations and cash requirements. **Therefore, TIME is required to address deficit spending in its board-approved FSP, and submit it with the 2022-23 Second Interim Report, due to our office on or before March 9, 2023.**

CASH FLOW PROJECTION

We noted that TIME has an ending cash balance of \$41,308 as of October 31, 2022, representing 10.4 days of operating cash. TIME's November 2022 cash flow projection reflects positive ending cash balances for the remainder of the fiscal year, with a projected June 2023 ending cash balance of \$52,352. The projection incorporated cash proceeds from the sales of future State Aid receivables totaling \$586,400. The cash projection also includes facility sub-leasing cash receipts totaling \$126,667 and SB 740 Grant totaling \$49,699. Based on the lower income to be generated from the two executed sub-lease agreements to date and no SB 740 grant award letter, as previously discussed, we are concerned that the cash projection is overstated and that TIME may not be able to meet its financial obligations for the remainder of this fiscal year.

Dr. Gabriel Ramirez, Executive Director
T.I.M.E. Community Schools
January 17, 2023
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In addition, TIME may incur loss of revenues in the current fiscal year should the current attendance decline, which could place an additional burden on TIME's cash needs. Accordingly, it is critical that TIME carefully monitor its cash and exercise prudent financial management to ensure sufficient cash is available to cover its current and ongoing obligations. **Therefore, we require TIME submit a monthly cash flow projection, along with the monthly financial statements, due to our office on the 15th day following the end of each month. TIME must notify our office immediately if a cash shortfall is projected that cannot be covered through local means.**

NET POSITION AND RESERVE FOR ECONOMIC UNCERTAINTIES (REU)

TIME's First Interim projects a negative Ending Net Position of (\$337,000). With the lower actual ADA than projected and reliance on contingent revenues, as discussed previously, we remained extremely concern with TIME's continuing fiscal instability and its ability to meet its financial obligation. **Therefore, TIME is required to submit a board-approved FSP, including a detailed narrative and implementable actions to restore to a positive Ending Net Position and meet the minimum 3.0 percent requirement, with the 2022-23 Second Interim Report, due to our office on or before March 9, 2023.**

CONCLUSION

We remain extremely concerned regarding TIME's ability to meet its financial obligations for the current and subsequent fiscal years. We are aware that the information provided reflects TIME's financial position and assumptions as of October 31, 2022, and that adjustments will be made during the year as additional data becomes available. We wish to express our appreciation to TIME's staff for their cooperation during the review of TIME's First Interim Report. If our office may be of further assistance, please call me at (562) 922-6226.

Sincerely,



[Vo Chan \(Jan 17, 2023 09:36 PST\)](#)

Vo Chan
Financial Advisory Services Officer
Business Advisory Services

VC: ah

Dr. Gabriel Ramirez, Executive Director
T.I.M.E. Community Schools
January 17, 2023
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cc: LaMar Brown, Board President, TIME
Linda Darling-Hammond, Ed.D., President, SBE
Stephanie Farland, Director, Charter Schools Division, CDE
Debra Duardo, M.S.W., Ed.D, LACOE
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T.I.M.E. Community 2022-23 First Interim Report (Form 62)

January 17, 2023, Letter of Concern from the
 Los Angeles County Office of Education to lab-csd-mar23item02
 T.I.M.E. Community Regarding the School's Attachment 7
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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Expenditures by Object

19101990140756
 Form 621
 D81X2457EJ(2022-23)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
A. REVENUES								
1) LCFF Sources		8010-8099	1,602,530.96	964,968.60	167,622.00	962,624.60	(2,344.00)	-0.2%
2) Federal Revenue		8100-8299	109,781.98	68,706.85	3,836.24	68,745.30	38.45	0.1%
3) Other State Revenue		8300-8599	166,556.39	214,579.72	4,783.64	214,584.08	4.36	0.0%
4) Other Local Revenue		8600-8799	247,500.00	150,000.00	427.74	133,761.07	(16,238.93)	-10.8%
5) TOTAL, REVENUES			2,126,369.33	1,398,255.17	176,669.62	1,379,715.05		
B. EXPENSES								
1) Certificated Salaries		1000-1999	426,694.82	378,398.91	88,758.02	378,303.27	95.64	0.0%
2) Classified Salaries		2000-2999	85,284.00	109,810.12	40,141.32	111,467.72	(1,657.60)	-1.5%
3) Employee Benefits		3000-3999	142,628.20	128,620.93	28,591.93	122,054.42	6,566.51	5.1%
4) Books and Supplies		4000-4999	125,650.00	70,257.06	25,508.04	70,257.06	0.00	0.0%
5) Services and Other Operating Expenses		5000-5999	790,490.18	733,611.59	207,781.81	727,430.63	6,180.96	0.8%
6) Depreciation and Amortization		6000-6999	0.00	3,850.00	1,050.00	3,850.00	0.00	0.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299,7400-7499	46,492.53	23,148.85	7,260.83	34,664.27	(11,515.42)	-49.7%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	0.00	0.00	0.00	0.00	0.00	0.0%
9) TOTAL, EXPENSES			1,617,239.73	1,447,697.46	399,091.95	1,448,027.37		
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			509,129.60	(49,442.29)	(222,422.33)	(68,312.32)		
D. OTHER FINANCING SOURCES/USES								
1) Interfund Transfers								
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	0.00	0.00	0.00	0.00	0.00	0.0%
2) Other Sources/Uses								
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	0.00	0.00	0.00	0.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			0.00	0.00	0.00	0.00		
E. NET INCREASE (DECREASE) IN NET POSITION (C + D4)			509,129.60	(49,442.29)	(222,422.33)	(68,312.32)		
F. NET POSITION								
1) Beginning Net Position								
a) As of July 1 - Unaudited		9791	(213,729.97)	(274,401.57)		(274,401.57)	0.00	0.0%
b) Audit Adjustments		9793	0.00	0.00		0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			(213,729.97)	(274,401.57)		(274,401.57)		
d) Other Restatements		9795	(10,265.03)	5,965.68		5,965.68	0.00	0.0%
e) Adjusted Beginning Net Position (F1c + F1d)			(223,995.00)	(268,435.89)		(268,435.89)		
2) Ending Net Position, June 30 (E + F1e)			285,134.60	(317,878.18)		(336,748.21)		
Components of Ending Net Position								
a) Net Investment in Capital Assets		9796	0.00	0.00		0.00		
b) Restricted Net Position		9797	0.00	0.00		0.00		
c) Unrestricted Net Position		9790	285,134.60	(317,878.18)		(336,748.21)		
LCFF SOURCES								
Principal Apportionment								
State Aid - Current Year		8011	1,384,666.22	838,210.94	165,903.00	835,866.94	(2,344.00)	-0.3%

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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Expenditures by Object

19101990140756
 Form 62I
 D81X2457EJ(2022-23)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
Education Protection Account State Aid - Current Year		8012	20,900.00	12,160.00	1,719.00	12,160.00	0.00	0.0%
State Aid - Prior Years		8019	0.00	0.00	0.00	0.00	0.00	0.0%
LCFF Transfers								
Unrestricted LCFF Transfers - Current Year	0000	8091	0.00	0.00	0.00	0.00	0.00	0.0%
All Other LCFF Transfers - Current Year	All Other	8091	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers to Charter Schools in Lieu of Property Taxes		8096	196,964.74	114,597.66	0.00	114,597.66	0.00	0.0%
Property Taxes Transfers		8097	0.00	0.00	0.00	0.00	0.00	0.0%
LCFF/Revenue Limit Transfers - Prior Years		8099	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, LCFF SOURCES			1,602,530.96	964,968.60	167,622.00	962,624.60	(2,344.00)	-0.2%
FEDERAL REVENUE								
Maintenance and Operations		8110	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education Entitlement		8181	8,103.98	8,104.00	(3.00)	8,104.00	0.00	0.0%
Special Education Discretionary Grants		8182	387.00	348.55	0.00	387.00	38.45	11.0%
Child Nutrition Programs		8220	0.00	0.00	0.00	0.00	0.00	0.0%
Donated Food Commodities		8221	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Contracts Between LEAs		8285	0.00	0.00	0.00	0.00	0.00	0.0%
Title I, Part A, Basic	3010	8290	26,291.00	17,789.00	0.00	17,789.00	0.00	0.0%
Title I, Part D, Local Delinquent Programs	3025	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Title II, Part A, Supporting Effective Instruction	4035	8290	5,000.00	2,178.00	0.00	2,178.00	0.00	0.0%
Title III, Part A, Immigrant Student Program	4201	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Title III, Part A, English Learner Program	4203	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Public Charter Schools Grant Program (PCSGP)	4610	8290	0.00	0.00	0.00	0.00	0.00	0.0%
Other NCLB / Every Student Succeeds Act	3040, 3060, 3061, 3150, 3155, 3180, 3182, 4037, 4124, 4126, 4127, 4128, 5630	8290	0.00	10,000.00	0.00	10,000.00	0.00	0.0%
Career and Technical Education	3500-3599	8290	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Federal Revenue	All Other	8290	70,000.00	30,287.30	3,839.24	30,287.30	0.00	0.0%
TOTAL, FEDERAL REVENUE			109,781.98	68,706.85	3,836.24	68,745.30	38.45	0.1%
OTHER STATE REVENUE								
Other State Apportionments								
Special Education Master Plan								
Current Year	6500	8311	26,936.97	26,937.00	4,945.71	26,937.00	0.00	0.0%
Prior Years	6500	8319	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Current Year	All Other	8311	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Prior Years	All Other	8319	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8520	0.00	0.00	0.00	0.00	0.00	0.0%
Mandated Costs Reimbursements		8550	1,709.87	1,752.18	0.00	1,752.18	0.00	0.0%
Lottery - Unrestricted and Instructional Materials		8560	23,826.00	14,409.60	0.00	14,409.60	0.00	0.0%
After School Education and Safety (ASES)	6010	8590	0.00	0.00	0.00	0.00	0.00	0.0%

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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Expenditures by Object

19101990140756
 Form 621
 D81X2457EJ(2022-23)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
Charter School Facility Grant	6030	8590	113,894.55	66,265.92	0.00	66,265.92	0.00	0.0%
Drug/Alcohol/Tobacco Funds	6690, 6695	8590	0.00	0.00	0.00	0.00	0.00	0.0%
California Clean Energy Jobs Act	6230	8590	0.00	0.00	0.00	0.00	0.00	0.0%
Career Technical Education Incentive Grant Program	6387	8590	0.00	0.00	0.00	0.00	0.00	0.0%
Specialized Secondary	7370	8590	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Revenue	All Other	8590	189.00	105,215.02	(162.07)	105,219.38	4.36	0.0%
TOTAL, OTHER STATE REVENUE			166,556.39	214,579.72	4,783.64	214,584.08	4.36	0.0%
OTHER LOCAL REVENUE								
Sales								
Sale of Equipment/Supplies		8631	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Publications		8632	0.00	0.00	0.00	0.00	0.00	0.0%
Food Service Sales		8634	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Sales		8639	0.00	0.00	0.00	0.00	0.00	0.0%
Leases and Rentals		8650	247,500.00	150,000.00	0.00	133,333.33	(16,666.67)	-11.1%
Interest		8660	0.00	0.00	0.00	0.00	0.00	0.0%
Net Increase (Decrease) in the Fair Value of Investments		8662	0.00	0.00	0.00	0.00	0.00	0.0%
Fees and Contracts								
Child Development Parent Fees		8673	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Fees From Individuals		8675	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Services		8677	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Fees and Contracts		8689	0.00	0.00	0.00	0.00	0.00	0.0%
Other Local Revenue								
All Other Local Revenue		8699	0.00	0.00	427.74	427.74	427.74	New
Tuition		8710	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In		8781-8783	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Apportionments								
Special Education SELPA Transfers								
From Districts or Charter Schools	6500	8791	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6500	8792	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6500	8793	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers of Apportionments								
From Districts or Charter Schools	All Other	8791	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	All Other	8792	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	All Other	8793	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In from All Others		8799	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER LOCAL REVENUE			247,500.00	150,000.00	427.74	133,761.07	(16,238.93)	-10.8%
TOTAL, REVENUES			2,126,369.33	1,398,255.17	176,669.62	1,379,715.05		
CERTIFICATED SALARIES								
Certificated Teachers' Salaries		1100	273,990.82	266,748.93	61,258.04	266,836.29	(87.36)	0.0%
Certificated Pupil Support Salaries		1200	15,504.00	0.00	0.00	0.00	0.00	0.0%
Certificated Supervisors' and Administrators' Salaries		1300	137,200.00	111,649.98	27,499.98	111,466.98	183.00	0.2%
Other Certificated Salaries		1900	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, CERTIFICATED SALARIES			426,694.82	378,398.91	88,758.02	378,303.27	95.64	0.0%
CLASSIFIED SALARIES								

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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Expenditures by Object

19101990140756
 Form 62I
 D81X2457EJ(2022-23)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
Classified Instructional Salaries		2100	15,504.00	35,643.20	10,856.00	35,662.40	(19.20)	-0.1%
Classified Support Salaries		2200	0.00	0.00	0.00	0.00	0.00	0.0%
Classified Supervisors' and Administrators' Salaries		2300	0.00	0.00	0.00	0.00	0.00	0.0%
Clerical, Technical and Office Salaries		2400	69,780.00	74,166.92	29,285.32	75,805.32	(1,638.40)	-2.2%
Other Classified Salaries		2900	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, CLASSIFIED SALARIES			85,284.00	109,810.12	40,141.32	111,467.72	(1,657.60)	-1.5%
EMPLOYEE BENEFITS								
STRS		3101-3102	0.00	0.00	0.00	0.00	0.00	0.0%
PERS		3201-3202	0.00	0.00	0.00	0.00	0.00	0.0%
OASDI/Medicare/Alternative		3301-3302	39,166.40	37,193.30	9,711.42	37,160.73	32.57	0.1%
Health and Welfare Benefits		3401-3402	49,000.00	40,079.12	7,600.27	35,600.27	4,478.85	11.2%
Unemployment Insurance		3501-3502	6,335.77	5,040.12	597.39	4,882.01	158.11	3.1%
Workers' Compensation		3601-3602	7,167.71	7,275.06	1,749.67	6,773.07	501.99	6.9%
OPEB, Allocated		3701-3702	0.00	0.00	0.00	0.00	0.00	0.0%
OPEB, Active Employees		3751-3752	0.00	0.00	0.00	0.00	0.00	0.0%
Other Employee Benefits		3901-3902	40,958.32	39,033.33	8,933.18	37,638.34	1,394.99	3.6%
TOTAL, EMPLOYEE BENEFITS			142,628.20	128,620.93	28,591.93	122,054.42	6,566.51	5.1%
BOOKS AND SUPPLIES								
Approved Textbooks and Core Curricula Materials		4100	1,600.00	1,267.00	0.00	1,267.00	0.00	0.0%
Books and Other Reference Materials		4200	1,500.00	900.00	0.00	900.00	0.00	0.0%
Materials and Supplies		4300	60,500.00	48,160.00	20,577.98	48,160.00	0.00	0.0%
Noncapitalized Equipment		4400	62,050.00	19,930.06	4,930.06	19,930.06	0.00	0.0%
Food		4700	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, BOOKS AND SUPPLIES			125,650.00	70,257.06	25,508.04	70,257.06	0.00	0.0%
SERVICES AND OTHER OPERATING EXPENSES								
Subagreements for Services		5100	136,528.00	87,316.78	26,677.83	87,317.00	(.22)	0.0%
Travel and Conferences		5200	0.00	0.00	0.00	0.00	0.00	0.0%
Dues and Memberships		5300	2,000.00	1,803.60	36.00	1,804.00	(.40)	0.0%
Insurance		5400-5450	22,080.00	16,145.01	3,670.68	11,012.36	5,132.65	31.8%
Operations and Housekeeping Services		5500	50,000.00	50,000.00	3,622.60	50,000.00	0.00	0.0%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	396,767.41	412,786.04	141,601.76	412,785.76	.28	0.0%
Transfers of Direct Costs		5710	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	0.00	0.00	0.00	0.00	0.00	0.0%
Professional/Consulting Services and Operating Expenditures		5800	174,614.77	157,751.75	31,658.94	156,703.51	1,048.24	0.7%
Communications		5900	8,500.00	7,808.41	514.00	7,808.00	.41	0.0%
TOTAL, SERVICES AND OTHER OPERATING EXPENSES			790,490.18	733,611.59	207,781.81	727,430.63	6,180.96	0.8%
DEPRECIATION AND AMORTIZATION								
Depreciation Expense		6900	0.00	3,850.00	1,050.00	3,850.00	0.00	0.0%
Amortization Expense—Lease Assets		6910	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, DEPRECIATION AND AMORTIZATION			0.00	3,850.00	1,050.00	3,850.00	0.00	0.0%
OTHER OUTGO (excluding Transfers of Indirect Costs)								
Tuition								
Tuition for Instruction Under Interdistrict Attendance Agreements		7110	0.00	0.00	0.00	0.00	0.00	0.0%

January 17, 2023, Letter of Concern from the
 Los Angeles County Office of Education to lab-csd-mar23item02
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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Expenditures by Object

19101990140756
 Form 621
 D81X2457EJ(2022-23)

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff Column B & D (F)
Tuition, Excess Costs, and/or Deficit Payments								
Payments to Districts or Charter Schools		7141	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to County Offices		7142	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to JPAs		7143	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers Out								
All Other Transfers		7281-7283	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers Out to All Others		7299	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service								
Debt Service - Interest		7438	46,492.53	23,148.85	7,260.83	34,664.27	(11,515.42)	-49.7%
TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)			46,492.53	23,148.85	7,260.83	34,664.27	(11,515.42)	-49.7%
OTHER OUTGO - TRANSFERS OF INDIRECT COSTS								
Transfers of Indirect Costs		7310	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Indirect Costs - Interfund		7350	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER OUTGO - TRANSFERS OF INDIRECT COSTS			0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, EXPENSES			1,617,239.73	1,447,697.46	399,091.95	1,448,027.37		
INTERFUND TRANSFERS								
INTERFUND TRANSFERS IN								
Other Authorized Interfund Transfers In		8919	0.00	0.00	0.00	0.00	0.00	0.0%
(a) TOTAL, INTERFUND TRANSFERS IN			0.00	0.00	0.00	0.00	0.00	0.0%
INTERFUND TRANSFERS OUT								
Other Authorized Interfund Transfers Out		7619	0.00	0.00	0.00	0.00	0.00	0.0%
(b) TOTAL, INTERFUND TRANSFERS OUT			0.00	0.00	0.00	0.00	0.00	0.0%
OTHER SOURCES/USES								
SOURCES								
Other Sources								
Transfers from Funds of Lapsed/Reorganized LEAs		8965	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Sources		8979	0.00	0.00	0.00	0.00	0.00	0.0%
(c) TOTAL, SOURCES			0.00	0.00	0.00	0.00	0.00	0.0%
USES								
Transfers of Funds from Lapsed/Reorganized LEAs		7651	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Uses		7699	0.00	0.00	0.00	0.00	0.00	0.0%
(d) TOTAL, USES			0.00	0.00	0.00	0.00	0.00	0.0%
CONTRIBUTIONS								
Contributions from Unrestricted Revenues		8980	0.00	0.00	0.00	0.00	0.00	0.0%
Contributions from Restricted Revenues		8990	0.00	0.00	0.00	0.00	0.00	0.0%
(e) TOTAL, CONTRIBUTIONS			0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER FINANCING SOURCES/USES (a - b + c - d + e)			0.00	0.00	0.00	0.00		

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T.I.M.E. Community
 Los Angeles County Office of Education
 Los Angeles County

2022-23 First Interim
 Charter Schools Enterprise Fund
 Restricted Detail

19101990140756
 Form 62I
 D81X2457EJ(2022-23)

Resource	Description	2022-23 Projected Totals
Total, Restricted Net Position		0.00

**T.I.M.E. Community 2022-23 First Interim Report Review -
Executive Summary and Approvals**

BUSINESS ADVISORY SERVICES
Financial Management Services
Fiscal Solvency Evaluation Work Program

2022-23 FIRST INTERIM REPORT REVIEW
Executive Summary and Approvals

CHARTER NAME: T.I.M.E. COMMUNITY SCHOOLS

BAS CERTIFICATION: Positive Qualified NA
CHARTER CERTIFICATION: Positive Qualified NA
FCMAT AUTOMATIC ENGAGEMENT TRIGGERED: YES NO NA

<u>INTERIM & MYP EVALUATION SUMMARY</u>	<u>2022-23</u>
TOTAL AVAILABLE RESERVES	
As adopted (based on Unrestricted Net Position):	-23.26%
As adjusted (manual) for (revenues/expenditures over/under statement, audit findings, other):	%
UNRESTRICTED NET POSITION	
Ending Total Net Position	(\$366,748)
Ending Unrestricted Net Position - REU	(\$336,748)
Commitment	N/A
Assignment	N/A
Unassigned	N/A
Fund 17 balance (included in/excluded from REU)	N/A
(DEFICIT) / SURPLUS SPENDING	
(amount & percent, or N/A)	(\$68,312) 4.72%
NEGATIVE CASH PROJECTED DURING 22-23 and/or 23-24	No
<i>(If yes, indicate months and low cash balances in comments)</i>	
<ul style="list-style-type: none"> • Average monthly payroll is \$50,985.45 • Positive cash projected through June 2023 with sales of receivables totaling \$586,400 through May 2023 • November 2022 ending cash balance of \$184,054 which includes sales of \$175,600 in receivables in that month. • Projects monthly balances ranging from \$30,000 to \$184,000 from December 2022 to June 2023. However, a total of \$116,667 (\$16,667/month) is from over-projected sub-leasing revenues for the same period. Currently, the month payments from two executed sub-lease agreements total \$6,570 (Lease #1 - \$6,000/month; Lease #2 - \$570/month) 	

Board Adopted Budget (A) Enrollment	110.00
Board Adopted Budget (A) ADA	104.50
Board Approved Operating Budget (B) Enrollment	64.00
Board Approved Operating Budget (B) ADA	60.80
Controller's Month 4 Enrollment	67.00
Controller's Month 4 ADA	54.71
2021-22 Certified P-2 ADA	34.37
2021-22 P-2 Certified ADA as % of Budgeted ADA	32.89%

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NEGOTIATIONS (NS/NB; S/B; NS/B, etc.)	Certificated Classified Management N/A N/A N/A
MATERIAL VARIANCE(S) IN PROJECTIONS BETWEEN LATEST BOARD-APPROVED BUDGET AND PROJECTED YEAR: - As of 10/31/22 cash on hand \$41,308; insufficient to cover one month’s payroll - The Unrestricted Net Position is (\$336,748) Required Reserves should be \$43,441 - Total Revenues decreased by (\$18,540) (-1.33%)(Projected Year - Board Approved) - Total Expenditures increased by \$330 (2.28) (Projected Year - Board Approved) - Salaries increased by \$1,562 (0.32%) - Benefits decreased by (\$6,567) (-5.11%) - Other Revenue decreased by (\$16,235) (-4.45%) - Other Expenditures decreased by (\$6,181) (-0.77%)	
Was the CHARTER requested to submit any action items with the Adopted Budget? <i>Yes, see comments in the Summary of Analysis.</i> If yes, comments on items submitted and <u>address in letter</u>. <i>Refer to First Interim Letter.</i>	

GENERAL FUND: SUMMARY OF ANALYSIS			
The table below summarizes the projected changes from Charter’s 2022-23 Adopted Budget to First Interim Report. While total revenues are projected to decrease by \$746,654 from the adopted budget, the Charter projects expenses to decrease by \$169,212, or 22.7 percent of the reduction in revenues. Consequently, the Charter projects a deficit of (\$68,312) compared to adopted budget surplus of \$509,129. The projected deficit will probably increase substantially, as discussed in this review.			
	Original Budget	1st Interim (CY)	Difference 1st Interim vs. Budget
Total Revenues	2,126,369	1,379,715	(746,654)
Total Expenditures	1,617,240	1,448,027	(169,212)
Surplus/(Deficit)	509,129	(68,312)	(577,442)
Ending Net Position	285,135	(336,748)	(621,883)
Total Expenditures	1,617,240	1,448,027	(169,212)
Reserve % Actual	17.63%	-23.26%	-40.89%
Reserve % Requirement	3.00%	3.00%	0.00%
Reserve Amount Requirement	48,517	43,441	(48,517)
Excess Reserve/(Deficient)	236,617	(380,189)	(236,617)

Although we have repeatedly expressed concerns with the Charter's optimistic financial projections and fiscal viability, the Charter continues to not meet its enrollment and financial projections, resulting in deficit spending, cash deficiencies, rising debts, and negative Ending Net Position. We remain concerned about the Charter's fiscal instability and its ability to meet its financial and cash obligations and its ability to repay outstanding debts.

For 2021-22, the Charter's first year of operation, it incurred a substantial deficit spending of **(\$384,000)** and negative Ending Net Position of **(\$274,000)**, as reported in its 2021-22 Unaudited Actuals Report. On December 14, 2022, we granted the Charter's 2021-22 audit report extension request from December 15, 2022 to January 31, 2023. We will review the Charter's audit report once submitted in order to verify the Charter's prior year Ending Net Position as well as review any audit findings and/or audit adjustments and restatements.

The Charter's 2022-23 Adopted Budget was overly optimistic based on unrealistic enrollment and ADA projections with a projected surplus of \$509,000 in 2022-23 and projected REU of 17.63%. These projections also included contingent revenues from SB 740 Charter School Facilities Grant of \$113,895 and Facility Sub-Leasing of \$247,500. In our 2022-23 budget review letter dated, October 6, 2022, we expressed concerns with the Charter's adopted budget projections concerning enrollment/ADA, contingent revenues, and cash flows; we required the Charter to submit a revised budget by November 18, 2022 and a Fiscal Stabilization Plan with its 2022-23 First Interim Report, due by December 9, 2022. The Charter submitted a revised budget (board-approved on 10/20/22) on October 26, 2022 and the Fiscal Stabilization Plan was incorporated into its First Interim Report, which was submitted on December 9, 2022.

When LACOE's Business Advisory Services and Charter Schools Office previously met with the Charter's Executive Director (Gabriel Ramirez) and the back-officer provider, Charter Impact (Marisol Felix), we recommended the Charter adjust its enrollment and ADA projections downward, but the Charter insisted in maintaining its projections and submitted its adopted budget based on enrollment and ADA of 110 and 104.50, respectively. The Charter revised budget is based on lower enrollment and ADA of 64 and 60.80, respectively. However, the Charter's Month 4 Attendance Report reflects enrollment of 67 and ADA of 54.71, a decline of 6.09 ADA or 10.02 percent from its First Interim projection. This will lead to additional loss of revenues.

OTHER FUNDS: CONCERNS OR ISSUES

As of June 30, 2022, TIME has outstanding notes payable totaling \$301,346, which includes \$221,348 due to its Executive Director, \$60,000 due to a private individual, and \$19,998 from the current portion of the \$100,000 long term loan from the California School Finance Authority Charter School Revolving Loan. TIME previously indicated that it will repay notes payable from eligible Federal ESSER II and ESSER III expenditure reimbursements. Although TIME projects receipt of \$70,000 in ESSER funding in September 2022, it did not include any notes repayments in its cash flow projections. Therefore, it remains unclear how TIME plans to repay these outstanding notes. Recently, TIME's Executive Director stated that it plans to make monthly payments instead of full payments for the outstanding notes.

COMMENTS AND OTHER ISSUES:

(e.g., Enrollment/ADA, Facilities, Other Funds, FCMAT Engagement, Fiscal Expert/Advisor, Lack of Going Concern etc.):

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2022-23 First Interim Review Work Program
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Two Notice of Concern letters identifying programmatic and fiscal issues (i.e. fiscal mismanagement) were issued to TIME in January 2022 and June 2022. These concerns were later escalated to CDE and the State of Board of Education (SBE) with recommendation to issue of a Notice of Violation.

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Module I
Interim Report Package and Analytical Schedules Check-In

CHARTER Name: TIME
Interim Report Check-In (Choose an item.) Date: Click or tap to enter a date.

Exceptions Summary

Note Status of Follow-up of any missing documents:

Person contacted at CHARTER: _____

Action taken at check-in: _____

Action taken by reviewer: _____

YES	NO	N/A
-----	----	-----

1. Date Interim Report was received [Click or tap to enter a date.](#) and date stamped.

2. Form CI Certification **Received**

Notify Management Team (Director, AD, Officer) and consultant immediately if the certification is qualified or negative.

- Signed by the CHARTER Superintendent or Designee and dated?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------
- Signed by the Governing Board President and dated?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------
- Contact person information entered?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------
- Criteria and Standards Review Summary included?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------



3. SACS File

- SACS file received?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------
- SACS Forms saved and transferred to designated folder?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4. Hard Copy

- One hard copy in SACS format received?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------
- Are contents complete as shown on **Form TCI – Table of Contents**?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------

 If No, list missing forms:

- Interim Report Assumptions Received? 2022-23 2023-24 2024-25

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------
- General Fund Multiyear Projections Received? **Form MYPI** Equivalent

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------
- Other Fund(s) Multiyear Projections Received? **Form MYPIO** Equivalent

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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- Criteria and Standards received?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------
- Technical Review received?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------



5. Reserves, Unrestricted Net Position & Cash Balances

- Are General Fund reserve requirements met in all 3 years (see C&S 10C)?
Notify consultant if any not met.

<input type="checkbox"/>	N/A	N/A
--------------------------	-----	-----
- Are there any funds with negative beginning/ending balances?
 List funds and negative balances:

Fund	62	Negative Balance	Beginning (\$274,402)
Fund	62	Negative Balance	Projected Ending (\$336,748)
Fund	_____	Negative Balance	_____

Notify consultant of any negative balances.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------
- Does **Form CASH** show any negative balances through June 2023?
If Yes, notify consultant.

<input type="checkbox"/>	<input type="checkbox"/>	N/A
--------------------------	--------------------------	-----



6. Charter School Reporting (**For District Review**)

- Does the District sponsor a charter school?

N/A	<input type="checkbox"/>	<input type="checkbox"/>
-----	--------------------------	--------------------------
- Was an interim report submitted for the charter school(s)?
 Format used to report the charter school(s) data:
 Form 01I **Form 09I** **Form 62I** **Alternate Form**

N/A	<input type="checkbox"/>	<input type="checkbox"/>
-----	--------------------------	--------------------------
- Are there any funds with negative beginning/ending balances (see TRC)?
 List funds and negative balances:

Fund	_____	Negative Balance	_____
Fund	_____	Negative Balance	_____
Fund	_____	Negative Balance	_____

Notify consultant of any negative balances.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	-------------------------------------



- 7. DAT File Imported to Smart Access?
 Date Imported

N/A	<input type="checkbox"/>	<input type="checkbox"/>
-----	--------------------------	--------------------------



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 2022-23 First Interim Review Work Program
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**Module II
 Business Analysis and Fiscal Solvency Review**

**THE FOLLOWING SMART REPORTS ARE TO BE GENERATED BY THE
 CONSULTANT AND INCLUDED IN THE INTERIM REVIEW FOLDER.**

• LCFF (RAD) calculations/FCMAT Calculations	X
• FDC Excel Spreadsheet	N/A
• FDC Trend (Supplemental) Data Sheet	N/A
• FDC Supplemental Expenditure Report	N/A
• SMART Access Cash Flow Projection	N/A
• Special Education by Resource	N/A
• 2021-22 P-2 Certified Funding (Funding Exhibit – LCFF Calculation)	X

Comparative and Trend Analysis

Use the Financial Data Comparison – Multiyear (FDC-MY) worksheets to review and analyze the LEA’s Form 62I.

YES	NO	N/A	Ref
-----	----	-----	-----

Fiscal Stabilization Plan (FCMAT #1, 2, 9, 12)

If a Fiscal Stabilization Plan (FSP), or update to an existing plan was requested, was one provided? Analyze and provide comments, including details on progress made in implementing.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	FSP & Resolution
---	-------------------------------------	--------------------------	--------------------------	------------------

Notes/Comments:
 The Charter continues to struggle in fiscal management and has failed to demonstrate fiscal stability or viability. See Executive Summary analysis for additional comments. We will continue to require the Charter submit an update to its Fiscal Stabilization Plan and Cash Flow Projection.

Current Budget versus Projected Year Total (FCMAT #1, 2)

<p>Columns B&D Differences Are adequate assumptions provided for differences between the LEA's Board-Approved Operating Budget (Form 62I, Col B) and the Projected Year Totals (Form 62I, Col D)?</p>	☒	☐	☐	Assumptions & Narrative
<p>Are projected total expenditures and/or actuals to date greater than current operating budget?</p> <ul style="list-style-type: none"> If yes, remind CHARTER to submit Budget Adjustments if necessary (email reminder unless material variance, then note in letter). 	☒	☐	☐	Budget Adjustments
<p>Notes/Comments: The projected total expenses are \$1,448,027, which is slightly higher than the latest board-approved budget total expenses of \$1,447,697. The difference is immaterial. The major revenues and expenses adjustments occurred when the Charter submitted its revised budget, which was approved by its governing board on October 20, 2022.</p>				

CRITERIA AND STANDARDS

Enrollment (FCMAT #1, 2, 8, 12)

<p>Did Enrollment projections for the current or two subsequent fiscal years change significantly from the prior reporting period?</p> <ul style="list-style-type: none"> If so, cite cause and analyze impact on budget. 	☒	☐	Assumptions Form MYP C&S 1-3
<p>Notes/Comments: See comments in review of ADA below.</p>			

Average Daily Attendance (ADA) P-2/Funded (FCMAT #1, 2, 8, 12)

<p>Did ADA projections for the current or two subsequent fiscal years change significantly from the prior reporting period, and do changes in ADA align with changes in enrollment projections?</p> <ul style="list-style-type: none"> If so, cite cause and analyze impact on budget. 	☒	☐	Assumptions Form MYP C&S 1-3 RAD
<p>Is the CHARTER's LCFE enrollment factor and unduplicated pupil count percentage consistent with what is being reported in CalPADS? (FCMAT #4, 5, 8, 9, 10)</p> <p>Follow up on any material variance with the CHARTER.</p>	☒	☐	RAD & 2021-22 CalPADS
<p>Notes/Comments: Charter submitted its 2022-23 Adopted Budget based on overly optimistic enrollment and ADA of 110 and 104.50, respectively. The Charter revised budget is based on lower enrollment and ADA of 64 and 60.80, respectively. This represents a decline of 43.70 ADA or 41.82 percent from the adopted budget. Additionally, the Charter's Month 4 Attendance Report reflects enrollment of 67 and ADA of 54.71, a further decline of 6.09 ADA or 10.02 percent from its First Interim projection. This will lead to additional loss of revenues.</p>			

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 2022-23 First Interim Review Work Program
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Local Control Funding Formula (LCFF) Revenue (FCMAT #1, 2, 8, 12)

Are LCFF revenue projections reasonable and comparable to LACOE or FCMAT LCFF Calculators. and reflect the expiring Hold Harmless provision in the out years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Form MYP C&S 4 Form MYP
Did the CHARTER's LCFF projections for the current or two subsequent fiscal years change significantly from the prior reporting period?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<p>Notes/Comments: The Charter is using FCMAT Calculator and the calculation is reasonable based data used in its assumptions. The Charter's latest operating budget reflects LCFF revenues of \$964,969, which is a decrease of \$637,562 or 39.78 percent from its adopted budget due to enrollment/ADA shortfall. In addition, the Charter's LCFF revenues are currently overstated by about \$90,000 (6 ADA @ \$15,000 per ADA) based on month 4 actual ADA compared to its latest budget.</p>			

Other Revenues (Federal, Other State, Other Local) (FCMAT #1, 2, 12)

Did other revenue projections for the current or two subsequent fiscal years change significantly from the prior reporting period? Provide an explanation for significant variances in all years .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Form MYP C&S 6
<p>Notes/Comments: All revenues (and expenses) were materially changed between the adopted budget and the latest board-approved operating budget due to substantial enrollment/ADA shortfall. The latest operating budget reflects lower ADA and higher funded LCFF COLA and discretionary funding as provided in the State Enacted Budget. It also added Learning Recovery Block Grant of \$82,350 and Instructional Material Block Grant of \$22,895 in Other State Revenues. Due to the close proximity between revised operating budget (board-approved 10/20/22) and the cut-off date for First Interim Report (10/31/22), there were few major variances between the latest budget and the projected year totals. There was one significant change in revenue projection to the latest operating budget for the reduction in SB 740 Grant (contingent local revenue) by \$16,239 or 10.8 percent due to lower actual ADA. There were no other significant changes to the operating budget. The revised budget revised contingent Other State and Local Revenues have been downward as follows. TIME projects facility sub-leasing revenues of \$133,333 and Charter School Facility Grant Program (SB 740) of \$66,266, compared to Adopted Budget projections of \$247,500 and \$113,895, respectively. However, as of January 10, 2023, TIME has confirmed it has executed two separate sub-lease agreements; the monthly rental income is \$6,000 from the first agreement and \$570 from the second agreement. Based on the effective dates of these agreements, the total estimated revenues to be generated in this fiscal year is \$47,130 (Lease #1: \$6,000 for 9 months and Lease #2: \$570 for 7 months), which is substantially below the projected amount of \$113,333. Moreover, TIME has not secured an award letter for the SB 740 Grant of \$66,266. Should these revenues not materialize, it will have further adverse impact on TIME's financial position and its ability to meet its financial obligations and cash requirements.</p>			

Status of Labor Agreements (FCMAT #1, 2, 4)

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Indicate the status of current employee salary and benefit negotiations (check as applicable):		C&S S8	
If settled, include settlement details. Also note any <i>prior-years</i> that are still unsettled.			
S	Settled	NS	Not-Settled
B	Budgeted	NB	Not-Budgeted
Certificated (Non-mgmt)	2022-23	2023-24	2024-25
Classified (Non-mgmt)	<i>S,NS / B,NB</i>		
Mgmt/Supervisor/Conf			
Notes/Comments:			

Salaries (FCMAT #1, 2, 4, 14)

Did certificated or classified salary projections for the current or two subsequent fiscal years change significantly from the prior reporting period? <ul style="list-style-type: none"> If 'yes,' analyze and comment. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Assumptions Form MYP C&S 5
Do annualized actuals to date exceed the adopted budget? <ul style="list-style-type: none"> If 'yes', follow up with CHARTER and include comment below. 			FDC Supplemental
Are negative amounts noted on the Form MYP lines B1d and/or B2d? <ul style="list-style-type: none"> If so, are they explained and/or supported by a list of board approved reductions? Research and provide an explanation below. 			Assumptions Form MYP
Notes/Comments:			
There were no material changes to staffing and salaries and benefits. The Charter is staffing at the bare minimum and is unable to make further reductions in staffing.			

Benefits (FCMAT #1, 2, 4, 7, 12)

Did benefit projections for the current or two subsequent fiscal years change significantly from the prior reporting period? <ul style="list-style-type: none"> If "yes," analyze and comment. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Assumptions Form MYP C&S 5
What is the CHARTER's overall average benefits rate and how does it compare from the prior period? (total benefits/total salaries)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FDC Supplemental Report
Do annualized actuals to date exceed the adopted budget? <ul style="list-style-type: none"> If 'yes', follow up with CHARTER and include comment below. 			FDC Supplemental Report
Notes/Comments:			
The First Interim Report projects benefits to increase by \$6,567 or 5.1 percent compared to its latest operating budget. The average benefits rates did not change materially between the adopted budget, operating budget, and projected year, as shown below.			
Benefits Rate			
<u>Adopted</u>	<u>Operating</u>	<u>Projection</u>	
27.86%	26.35%	22.18%	

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Other Expenditures (Books & Supplies, Services & Other Operational Expenditures) (FCMAT #1, 2, 12)

Did other operating expenditure projections for the current or two subsequent fiscal years change significantly from the prior reporting period? Provide an explanation for significant variances. in all years. Note any concerns on projected decreases in expenditures and follow-up as appropriate.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form MYP C&S 6
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Notes/Comments:
 In summary, the Charter did not make the necessary expenses reductions to align with reductions in revenues.

Facilities Maintenance: RRMA Contribution (FCMAT #1, 2, 5)

[Redacted content]	N/A		[Redacted]
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Notes/Comments:

Unallocated Expenditure Reductions (MYP) (FCMAT #1, 2, 6, 9, 12)

Is there a negative amount on the Form MYP line B10 "Other Adjustments"? • If so, is it supported by a Board approved resolution and list of reductions? (If "No", research and provide an explanation below.)	N/A		Assumptions Form MYP
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Notes/Comments:

Deficit Spending - Unrestricted (FCMAT #1, 2, 6, 9, 12)

Did unrestricted deficit spending in the current or two subsequent fiscal years change significantly from the prior reporting period? • If "Yes", what are the causes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Form MYP C&S 8
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Notes/Comments:
 The projected surplus/(deficit) are as follows:

 Adopted Budget: \$509,130

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Operating Budget: (\$49,442)
 Projected Year: **(\$68,312)**

The changes from the adopted budget to the latest operating budget is due primarily to enrollment/ADA shortfall resulting in substantial reduction to LCFF and other revenues, as previously stated. The Projected Year reflects increase in the deficit from the Operating Budget is due mainly to reduction in SB 740 grant revenues from lower actual ADA. Based on the latest data, we expect the deficit to grow substantially due to additional loss of LCFF revenues and from contingent revenues such as SB 740 funding and from sub-leasing revenues.

Fund Balances Unrestricted Net Position & Reserves (FCMAT #1, 2, 9, 12)

Will the projected General Fund Unrestricted Net Position ending balance be positive at the end of the current and two subsequent fiscal years? <ul style="list-style-type: none"> Provide an explanation if not met. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form MYP C&S 9
Do available reserves (REU and unassigned) for each of the current and two subsequent fiscal years meet the required minimum percentage? <ul style="list-style-type: none"> If not, provide details on CHARTER's plan to remedy. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form MYP C&S 10C
Did the total available reserves in the current or two subsequent fiscal years change significantly from the prior reporting period? <ul style="list-style-type: none"> If "Yes", what are the causes? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FDC Assumptions
Does CHARTER have a balance in Fund 17? If so, is any of the Fund 17 balance assigned or committed?	N/A		

Notes/Comments:

	Original Budget	1st Interim (CY)	Difference 1st Interim vs. Budget
Ending Net Position	285,135	(336,748)	(621,883)
Total Expenditures	1,617,240	1,448,027	(169,212)
Reserve % Actual	17.63%	-23.26%	-40.89%
Reserve % Requirement	3.00%	3.00%	0.00%
Reserve Amount Requirement	48,517	43,441	(48,517)
Excess Reserve	236,617	(380,189)	(236,617)

The Charter's projected negative Ending Net Position is negative (\$336,748), which represents an REU of negative (23.26%), which is well below the minimum 3.0% per the MOU. The Charter's current budget is overstated by at least \$200K from LCFF and contingent revenues from SB 740 Grant and facility sub-leasing. The projected deficit is likely to increase for the current fiscal year, causing further burden for the Charter to meet its financial and cash obligations.

Cash Balances & Cash Flow (FCMAT #1, 2, 3, 4, 10, 13)

Is the projected General Fund ending cash balance positive for all months through the end of the current fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>	Form MYP C&S 9B-1
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<ul style="list-style-type: none"> If not, provide an explanation and comment on any low cash months below and in the letter as appropriate. 			
Does the CHARTER prepared cash flow reflect the principal apportionment deferrals, and are the amounts congruent with BAS projections?	N/A		Form CASH
Is the CHARTER using any temporary cash borrowing solutions (i.e., inter-fund borrowing, TRANS, county treasurer borrowing) in their projections? <ul style="list-style-type: none"> If so, identify which solutions and whether they have Board-adopted resolutions in place. 	<input type="checkbox"/>	<input type="checkbox"/>	Form CASH TRANSs List Borrowing Resolutions
If CHARTER is utilizing inter-fund borrowing in their projections, is sufficient cash available for borrowing in the identified funds?	<input type="checkbox"/>	<input type="checkbox"/>	Daily Cash Report Fund Report
If the CHARTER has issued a TRAN, is the set-aside reflected in the cash flow on the pledge date? N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	TRANS
Are there any concerns on the CHARTER prepared cash flow?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Notes/Comments:

The Charter's November 2022 cash flow projects reflects positive ending cash balances for the remainder of the fiscal utilizing the sales of receivables and including some contingent revenues from facility sub-leasing, as stated below.

- Average monthly payroll is \$50,985.45
- Positive cash projected through June 2023 with sales of receivables totaling \$586,400 through May 2023
- November 2022 actual ending cash balance of \$184,054 which includes sales of \$175,600 in receivables in that month.
- Projects monthly balances ranging from \$30,000 to \$184,000 from December 2022 to June 2023. However, a total of \$116,667 (\$16,667/month) is from over-projected sub-leasing revenues for the same period. Currently, the month payments from two executed sub-lease agreements total \$6,570 (Lease #1-\$6,000/month; Lease #2 - \$570/month)

SUPPLEMENTAL INFORMATION

Special Education Program Costs (FCMAT #15)

Analyze any changes in the contribution to Special Education as a percentage of the total Unrestricted plus Restricted sum of General Fund expenditures. Note any significant/material increases in the contribution compared to the prior reporting period, and is the increase adequately explained. <ul style="list-style-type: none">If not, consider including language in letter for high excess costs.	N/A		SPED FDC Contribution Year to Year
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Notes/Comments:

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Transfers In/Out from/to Other Funds (FCMAT #1, 2, 5)

Did general fund transfers in/out from/to other funds change significantly from the prior reporting period? Document amount of transfers and to/from fund and purpose.	N/A		
Does the donor fund have sufficient balance to support multi year or ongoing transfers?			Fund Report
Notes/Comments:			

Contributions to Restricted Programs (FCMAT #1, 2, 5, 15)

Did contributions to restricted programs for the current and two subsequent fiscal years change significantly from the prior reporting period? <ul style="list-style-type: none"> If 'yes,' what are the causes? Describe what the contributions to restricted programs are for.	N/A		Form MYP C&S S5
Is the CHARTER's restricted fund balance flat or increasing in any year? Is the CHARTER maintaining a large restricted fund balance?			FDC MYP
Are contributions from unrestricted to restricted programs balanced?			FDC
Notes/Comments:			

Unfunded Liabilities for Postemployment Benefits Other Than Pensions (OPEB) (FCMAT #7, 13)

[Redacted]	N/A		[Redacted]
Notes/Comments:			

Unfunded Liabilities for Self-Insurance Programs (FCMAT #7, 13)

[Redacted]			[Redacted]
Notes/Comments:			

Status of Other Funds

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[Redacted]	N/A		[Redacted]
Notes/Comments:			

ADDITIONAL FISCAL INDICATORS

Criteria and Standards – “Not Met” Conditions (FCMAT #1, 4, 5, 10)

Are there any “Not Met” conditions in the Criteria and Standards that would cause concern?	N/A		C&S 1-10
Notes/Comments:			

Criteria and Standards – Supplemental Information (FCMAT #1, 4, 5, 10)

Are there any “Yes” answers to the Criteria and Standards Supplemental Information questions (S1 to S9) that would cause concern?	N/A		C&S S1-S9
Notes/Comments:			

Criteria and Standards – Additional Fiscal Indicators (FCMAT #1, 2, 4, 5, 10)

Are there any “Yes” answers to the Criteria and Standards Additional Fiscal Indicators questions (A1 to A9) that would cause concern?	N/A		C&S A1-A9
Notes/Comments:			

Governance/Leadership Crisis (FCMAT #11)

<p>Are there any indications of governance or leadership issues at the CHARTER that have or could potentially impact the CHARTERs fiscal solvency, either directly or indirectly?</p> <p>Examples may include but are not limited to:</p> <ul style="list-style-type: none"> a. Absence of a strong leadership team that includes at least the board and superintendent b. Micromanagement from board members c. Systems that are fully or partially controlled by highly influential special interest groups d. Ineffective or lack of adequate personnel supervision e. Spiraling litigation and/or settlements against the CHARTER f. Board policies/admin regulations that are ignored, not updated and not communicated to staff g. Inability to consider long-term impacts of collective bargaining agreements 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Notes/Comments:			

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Based on the Charter's first year operational results and its continuing dire financial condition, including failure to make realistic financial projections and taking necessary corrective actions, the Charter's governing board has not demonstrated adequate fiscal oversight over the Charter to ensure it can or will be a viable organization. Without substantial revenue growth and/or implementing necessary budget reductions, the Charter is in jeopardy of not being able to meet its current year financial obligations and would be considered a lack of going concern.

Technical Review Checklist Review (FCMAT #15)

Are there any warnings or fatal errors in the Technical Review Checklist? <ul style="list-style-type: none"> • If so, follow up with the CHARTER. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRC
Notes/Comments: There were several warnings related to projected negative ending fund balances by fund and by resources. The First Interim Report reflects negative fund balance of (\$317,530) and negative balances by resources of (\$336,748 and \$215) by resource (Object 9790 and Object 8590, respectively). The Charter attributed these negative balances to lower than planned enrollment.			

LEA Submitted Studies and Reports (FCMAT #11, 15)

Since the prior reporting period, has the LEA submitted studies, reports, evaluations or audits commissioned by the LEA, LACOE, the State Superintendent and/or state control agencies or as a result of a FCMAT report on the LEA in compliance with EC Sections 42127 and 42127.6?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Study Report / Audit
Notes/Comments: Previously, CDE issued a letter notifying the Charter that their Public Charter School Implementation Grant has been terminated due to not meeting minimum enrollment target of 80. The Charter no longer includes this grant in its projections.			

District Authorized Charter School Review (FCMAT #15)

If charter report(s) were not received, follow up with District for a status.	N/A		
Is District authorized charter school's ending fund balance negative?	N/A		Charter School Interim Report
If yes, contact authorizer to request rationale and if there is a plan to remedy.			
Notes/Comments:			