BOARD OF DIRECTORS MEETING

REGULAR MEETING AGENDA

April 7, 2025 at 5:30PM
82 Second Street, Yuba City, CA 95991

A full Board packet is available for review at AeroSTEM Academy school office from 8am to 4pm, Monday through Friday (excluding legal holidays), and AeroSTEM Academys' website at aerostem.org.

MISSION STATEMENT

AeroSTEM Academy prepares students of today for the growing college and career opportunities of tomorrow. By exploring Science, Technology, Engineering, and Mathematics (STEM) through the lens of aerospace, students gain the knowledge and skills necessary to contribute to a dynamic, technology-intensive economy. AeroSTEM Academy creates a culture of character and collaboration in close partnership with college and professional communities. The educational program encourages imagination, incorporates experiential learning, and provides opportunities to engineer solutions.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL OF MEMBERS

		Present	Absent
3.1.	President: Rikki Shaffer, NCAI Representative	☐	☐
3.2.	Vice President: Jennifer Chaplin, Community Representative	☐	☐
3.3.	Secretary: Dallan Reese, Community Representative	☐	☐
3.4.	Kash Gill, SCSOS Representative	☐	☐
3.5.	Chris Ramey, Parent Representative	☐	☐

4. APPROVAL OF BOARD AGENDA

Action to add or delete items from any portion of the agenda or to discuss any consent agenda items must be taken prior to adoption of agenda.

Motion: _____ **Second:** _____ **Ayes:** _____ **Noes:** _____ **Abstain:** _____

5. COMMENT FROM MEMBERS OF THE PUBLIC CONCERNING ITEMS NOT ON THE AGENDA

Members of the public are given an opportunity to address the Board regarding items not listed on the agenda. The California Government Code, Section 54954.3(a) states, ".....no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

6. CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine and all will be enacted by one motion with a roll call vote. There will be no separate discussion of these items unless a member of the Board of Education, audience, or staff requests that specific items be removed from the Consent Agenda for separate action. Any items removed will be considered after the motion to approve the Consent Agenda.

6.1. March 10th 2025 Meeting Minutes
6.2. Williams Report

Motion: _____ **Second:** _____ **Ayes:** _____ **Noes:** _____ **Abstain:** _____

7. DISCUSSION ITEMS
   - 7.1. DIRECTOR'S REPORT
     - 7.1.1. Finance
     - 7.1.2. Enrollment
     - 7.1.3. Staffing
     - 7.1.4. Services
     - 7.1.5. Form 700
     - 7.1.6. Facilities/Buildings
     - 7.1.7. Board Members

8. ACTION ITEMS

8.1. Job Description: Director of Student Support

Background Information: As roles and responsibilities change of current staff, we do need to build out job descriptions. This is a new job description that better encapsulates the work being done by the current school counselor.	
Implications: Staffing and financial implications	
Presented By: Joseph Clark	Recommendation: Approval Recommended
Motion: _____Second: _____Ayes: ___ Noes: ___ Abstain: ___	

8.2. 23/24 Audit Report

Background Information: Each year, as required by the State of California, the District undergoes an independent audit on its funds and accounting practices. It is submitted to the State Controller's Office and the State Department of Education.	
Implications: Possible compliance impact	
Presented By: Joseph Clark	Recommendation: Approval Recommended
Motion: _____Second: _____Ayes: ___ Noes: ___ Abstain: ___	

8.3. Executive Director Contract Renewal

Background Information: As staff contracts are being executed for the 2025 - 2026 school year, the Executive Director contract is being brought to the board.	
Implications: Potential Staffing impacts	
Presented By: Joseph Clark	Recommendation: N/A
Motion: _____Second: _____Ayes: ___ Noes: ___ Abstain: ___	

9. BOARD COMMENTS

10. FUTURE BOARD ITEMS
    - 10.1. Enrollment Update
    - 10.2. Finance Update
    - 10.3. Declaration of Need
    - 10.4. Budget Development
    - 10.5. LCAP Public Hearing

11. MOTION TO ADJOURN

Motion: _____ Second: _____ Ayes: _____ Noes: _____ Abstain: _____

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board Meeting room, to access written documents being discussed at the Board Meeting, or to otherwise participate at Board Meetings, please contact the school office at 530-742-2531 for assistance.

Notification at least 48 hours prior to the meeting will enable the school office to make reasonable arrangements to ensure accessibility to the Board Meeting and to provide any required accommodations, auxiliary aids or services.

All Open Session Agenda related documents, including materials distributed less than 72 hours prior to the scheduled meeting, are available to the public for viewing at the school office located at 82 Second Street, Yuba City, CA 95991

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BOARD OF DIRECTORS MEETING

REGULAR MEETING MINUTES

March 10th, 2025 at 5:30PM
82 Second Street, Yuba City, CA 95991

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MISSION STATEMENT

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1. CALL TO ORDER **6:30 PM by Rikki Shaffer**
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL OF MEMBERS

		Present	Absent
3.1.	Vacant, Board President	☐	☐
3.2.	Vacant, Treasurer	☐	☐
3.3.	Kash Gill, SCSOS Representative	☑	☐
3.4.	Rikki Shaffer, Board Secretary, NCAI Representative	☑	☐
3.5.	Chris Ramey, Parent Representative	☑	☐
3.6.	Jennifer Chaplin, Community Representative	☑	☐
3.7.	Dallan Reese, Community Representative	☑	☐

4. APPROVAL OF BOARD AGENDA

Action to add or delete items from any portion of the agenda or to discuss any consent agenda items must be taken prior to adoption of agenda.

Agenda Change: Item 8.4 Pulled from Agenda and Deferred to April 7, 2025 Board Meeting.

Motion: Dallan Reese Second: Chris Ramey Ayes: 5 Noes: 0 Abstain: 0

5. COMMENT FROM MEMBERS OF THE PUBLIC CONCERNING ITEMS NOT ON THE AGENDA

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6. CONSENT AGENDA

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6.1. Meeting Minutes from the 2/10/2025 Meeting

6.2. Board Member Resignation

Motion: Dallan Reese Second: Jennifer Chaplin Ayes: 5 Noes: 0 Abstain: 0

7. DISCUSSION ITEMS

7.1. EXECUTIVE DIRECTOR'S REPORT

7.1.1. Enrollment

7.1.2. Family Fun Day and Open House

7.1.3. Form 700

7.1.4. Board Recruitment

8. ACTION ITEMS

8.1. Board Officer Election: **President - Rikki Shaffer, VP - Jennifer Chaplin, Secretary - Dallan Reese**

Background Information: As stated in the board bylaws and Charter documents, the board needs to elect board officers every June for a one year term. A Board President and Secretary are required, the treasurer can be school staff or vendor.				
Implications: Possible compliance impact				
Presented By: Rikki Shaffer		Recommendation: N/A		
Motion: Chris Ramey	Second: Kash Gill	Ayes: 5	Noes: 0	Abstain: 0

8.2. Accept and Approve Proposition 28 Arts and Music in Schools Funding Plan and Report

Background Information: Proposition 28, also known as the "Arts and Music in Schools Funding Guarantee and Accountability Act,"mandates ongoing state funding for arts education programs in public and charter schools from pre-kindergarten through grade 12. The plan and report has to be approved by the board.				
Implications: Possible compliance and fiscal impact				
Presented By: Joseph Clark		Recommendation: Staff recommends approval		
Motion: Kash Gill	Second: Chris Ramey	Ayes: 5	Noes: 0	Abstain: 0

8.3. Second Interim Report

Background Information: As required by Education Code, this is the District's second Interim Financial Report. Also presented are proposed budget revisions for the Board's review and approval.				
Implications: Possible financial impact to the school program.				
Presented By: Joseph Clark/Ryland Group			Recommendation: Staff recommends approval	
Motion: Kash Gill	Second: Jennifer Chaplin	Ayes: 5	Noes: 0	Abstain: 0

8.4. 23/24 Independent Audit Report: **Item 8.4 Pulled from Agenda and Deferred to April 7, 2025 Board Meeting.**

Background Information: Education Code Section 41020 requires school districts to conduct an annual audit of all funds under the jurisdiction of the Governing Board.				
Implications: Compliance and fiscal Impacts				
Presented By: Joseph Clark/Ryland Group			Recommendation: N/A	
Motion: _____	Second: _____	Ayes: ___	Noes: ___	Abstain: ___

9. BOARD COMMENTS
10. FUTURE BOARD ITEMS
    - 10.1. Enrollment Update
    - 10.2. Parent Survey Review
    - 10.3. LCAP Overview
    - 10.4. LCAP Public Input
    - 10.5. Stakeholder Meetings
    - 10.6. Parent Advisory Meetings
    - 10.7. 30 Day Public Input
    - 10.8. Williams Q3 Report (Jan - March)
11. MOTION TO ADJOURN

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Quarterly Report on Williams Uniform Complaints
Education Code 35186(d)

Person completing this form: Joseph Clark Title: Executive Director

Quarterly Report Submission Date: April (Month) 2024 (Year)

Date for information to be reported publicly at governing board meeting: 04/07/25

Please check the box that applies:

☑ No complaints were filed with any school in the district during the quarter indicated above.

☐ Complaints were filed with schools in the district during the quarter indicated above. The following chart summarizes the nature and resolution of these complaints.

General Subject Area	Total # of Complaints	# Resolved	# Unresolved
Textbooks and Instructional Materials			
Teacher Vacancy or Misassignment			
Facilities Conditions			
TOTALS	0	0	0

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Director of Student Support

Job Title: Director of Student Support
Supervisor: Executive Director
Job Classification: Exempt
Salary Schedule: Certificated Management B Days: 200

DESCRIPTION OF BASIC RESPONSIBILITIES:

Under the supervision of the Executive Director, the Director of Student Support will provide interventions, behavioral supports and mental health services including counseling, consultation and case management for students.

The Director of Student Support will be responsible for providing services related to the delivery of mental health care to assigned students through the Multi-tiered Systems of Support (MTSS) Framework. The Director of Student Support will provide consultation services to the school staff to support the overall mental health and social and emotional learning goals of the school and contribute to overall student success. The role requires that the individual understand the importance of social emotional well-being for students, and adapt culturally responsive approaches when dealing with a diverse population. The Director of Student Support is required to maintain professional standards and confidentiality of records relating to student treatment in accordance with the varied state and federal laws.

EXAMPLES OF DUTIES:

A. Intervenes during crisis situations and participates on the school crisis team
B. Understands the importance of social emotional well-being for students, and adapt culturally responsive approaches when dealing with a diverse population
C. Maintains professional standards and confidentiality of records relating to student treatment in accordance with the varied state and federal laws
D. Plans and executes academic and social emotional school-wide events
E. Advocates for students' needs and collaborates with school staff regularly on evidenced-based tier 1, 2, and 3 supports for students using academic and social emotional data
F. Participates in coordinated meetings (such as MTSS, SST, and 504 meetings) as the mental health case manager
G. Collaborates and creates lesson plans for individual and group counseling
H. Collaborates with all instructional staff to provide the foundation for the acquisition of academic and social emotional skills, attitudes, and knowledge that empowers students to make a successful transition from school to college and career
I. Acts as a member of the Academic Team for students and assist with 4-year planning to ensure successful completion of graduation requirements and the students are prepared to achieve future goals

J. Works alongside Dual Enrollment partners to ensure students are successful in the completion of Dual Enrollment classes
K. Develops and implements all services per State and Federal laws
L. Directs the Counseling Program
M. Assists the Executive Director with resolving issues and needs pertaining to students, discipline, 504 plans, facilities, etc.
N. Cooperates/collaborates with the Director of Special Education in the placement and/or assignment of school nurses
O. Represents the District and collaborates with joint governmental and/or private agency meetings where issues pertaining to student services are discussed;
P. Assists with and/or provides the supervision and evaluation of certificated and classified staff
Q. Implements and monitors an effective SART/SARB process;
R. Responds to subpoenas for student records;
S. Serves as Administrator for and maintains student records, except Special Education;
T. Supervises Homeless Liaison and Child Welfare and Attendance Programs and personnel;
U. Assists in program staffing and program evaluation to ensure student needs are being met in a consistent and effective manner;
V. Performs other duties as assigned.

EDUCATION, EXPERIENCE AND REQUIREMENTS

A. Pupil Personnel Service (PPS) Credential - School Counseling
B. Bachelor's Degree
C. Excellent communications/interpersonal skills
D. Ability and willingness to reflect and improve
E. Ability to collaborate with colleagues, parents and the community
F. Maturity, humility, strong work ethic, and positive attitude
G. First Aid/CPR Certificate
H. Fingerprint Clearance
I. TB Clearance

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CHRISTY WHITE
Certified Public Accountants serving K-12 School Districts and Charter Schools throughout California

March 5, 2024

To the Board of Directors of
AeroSTEM Academy Inc.
Yuba City, California

We have audited the financial statements of AeroSTEM Academy Inc. for the year ended June 30, 2024, and we will issue our report thereon dated March 5, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AeroSTEM Academy Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2023-24 fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

> Management's estimate of the depreciation expense and its impact on accumulated depreciation is based on estimated useful lives of the fixed assets previously purchased. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

> The disclosure on the operating lease in Note 7 to the financial statements. This is a disclosure related to implementation of ASU 842 in prior year that includes information on the right-of-use asset and related lease liability recorded on the statement of financial position.
>
> The disclosure on going concern/negative net assets in Note 15 to the financial statements. There was a net asset balance deficit of $63,825 along with a net asset balance deficit from the prior year that raise substantial doubt about the Organizations ability to continue as a going concern.

The financial statement disclosures are neutral, consistent, and clear.

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92103

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Significant Audit Matters (continued)

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Beginning net assets - prior audit adjustments	(166,041)
Beginning net assets - other adjustments (client recorded)	801,601
Cash in county treasury	(660,578)
Fair value adjustment to cash in county treasury	16,976
Cash in banks	(121,087)
Accounts receivable	(188,368)
Due from grantor governments	7,333
Capital assets, net of accumulated depreciation	103,709
Due to grantor governments	98,694
Deferred revenue	(305,479)
Loans payable	22,500
Due to rounding	(2)
Net adjustments	(390,742)

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated March 5, 2025.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters (continued)

We are not engaged to report on the Local Education Organization Structure, which accompanies the financial statements but is not supplementary information. Such information has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management of AeroSTEM Academy Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Christy White, Inc.

Christy White, Inc.
San Diego, California

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AEROSTEM ACADEMY INC.

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2024

A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL

AeroSTEM Academy (Charter No. 2000)

AEROSTEM ACADEMY INC.
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JUNE 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
AeroSTEM Academy Inc.
Yuba City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AeroSTEM Academy Inc. which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AeroSTEM Academy Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming AeroSTEM Academy Inc. will continue as a going concern. As discussed in Note 15 to the financial statements, AeroSTEM Academy Inc. has a negative net asset balance as of June 30, 2024. As a result, a substantial doubt exists about the entity's ability to continue as a going concern. Management evaluation of the events and conditions and management's plans regarding those matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AeroSTEM Academy Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025, on our consideration of AeroSTEM Academy Inc.'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 AeroSTEM Academy Inc.'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 of AeroSTEM Academy Inc.'s internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
March 5, 2025

AEROSTEM ACADEMY INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
Current assets		
Cash and cash equivalents	$	642,088
Accounts receivable		348,838
Total current assets		990,926
Noncurrent assets		
Deposits		2,500
Right-of-use asset		54,900
Capital assets, net		133,300
Total noncurrent assets		190,700
Total Assets	$	1,181,626
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$	165,967
Deferred revenue		497,084
Operating lease liability		54,900
Loan payable		527,500
Total liabilities		1,245,451
Net assets		
Without donor restrictions		(63,825)
Total net assets		(63,825)
Total Liabilities and Net Assets	$	1,181,626

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

AEROSTEM ACADEMY INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions
SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	$ 938,438
Federal revenues	161,417
Other state revenues	607,295
Total federal and state support and revenues	1,707,150
Local support and revenues	
Payments in lieu of property taxes	297,818
Program contract services	92,038
Gain on sale of fixed asset	12,641
Investment income, net	25,742
Other local revenues	29,905
Total local support and revenues	458,144
Total Support and Revenues	2,165,294
EXPENSES	
Program services	1,653,227
Management and general	650,261
Total Expenses	2,303,488
CHANGE IN NET ASSETS	(138,194)
Net Assets - Beginning	74,369
Net Assets - Ending	$ (63,825)

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

AEROSTEM ACADEMY INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	$ 568,360	$ 153,817	$ 722,177
Non-certificated salaries	96,284	128,506	224,790
Pension plan contributions	167,939	68,694	236,633
Payroll taxes	21,358	14,458	35,816
Other employee benefits	69,864	41,485	111,349
Total personnel expenses	923,805	406,960	1,330,765
Non-personnel expenses			
Books and supplies	189,944	8,172	198,116
Insurance	-	44,655	44,655
Facilities	254,236	3,070	257,306
Professional services	151,166	156,574	307,740
Depreciation	121,000	-	121,000
Fees to authorizing agency	-	12,209	12,209
Other operating expenses	13,076	18,621	31,697
Total non-personnel expenses	729,422	243,301	972,723
Total Expenses	$ 1,653,227	$ 650,261	$ 2,303,488

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

AEROSTEM ACADEMY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(138,194)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		121,000
Gain on fixed asset disposal		(12,641)
(Increase) decrease in operating assets		
Accounts receivable		(168,902)
Increase (decrease) in operating liabilities		
Accounts payable		52,443
Deferred revenue		198,530
Net cash provided by (used in) operating activities		52,236
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed asset		25,000
Purchase of capital assets		(116,067)
Net cash provided by (used in) investing activities		(91,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loans payable		(22,500)
Net cash provided by (used in) financing activities		(22,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(61,331)
Cash and cash equivalents - Beginning		703,419
Cash and cash equivalents - Ending	$	642,088
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$	-

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

AeroSTEM Academy Inc. (the "Charter") was formed as a nonprofit public benefit corporation on July 27, 2017 for the purpose of operating as a California public school located in Sutter County. The Charter was numbered by the State Board of Education in August 2018 as California Charter No. 2000. AeroSTEM Academy prepares students of today for the growing college and career opportunities of tomorrow. During the year ended June 30, 2024, AeroSTEM Academy Inc. served grades 5 to 12.

AeroSTEM Academy Inc. is authorized to operate as a charter school through Sutter County Superintendent of Schools (the "authorizing agency"). In March 2021, the Sutter County Board of Education approved a charter renewal petition for the period of July 1, 2021 to June 30, 2026. As a result of SB 114, the charter petition end date is extended to June 30, 2027. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

B. Basis of Accounting

The Charter's policy is to prepare its 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, AeroSTEM Academy Inc. 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.

As a public charter school, AeroSTEM Academy Inc. 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 Charter's financial statement presentation.

D. 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. In Lieu of Property Tax 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 AeroSTEM Academy Inc. Revenues are recognized by the Charter when earned.

G. Functional Expenses

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

H. Cash and Investments

AeroSTEM Academy Inc. considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Charter'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.

I. 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 Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

AeroSTEM Academy Inc. 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.

K. 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.

L. Income Taxes

AeroSTEM Academy Inc. 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. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

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

M. 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). 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. The three levels of the fair value hierarchy are described below:

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.

N. Lease Arrangements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating or finance lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024, consists of the following:

Cash in county treasury	$	661,436
County treasury fair value adjustment		(19,348)
Total Cash and Cash Equivalents	$	642,088

Cash in County Treasury

Policies and Practices

AeroSTEM Academy Inc. is a voluntary participant in an external investment pool. The fair value of the Charter's investment in the pool is reported in the financial statements at amounts based upon the Charter's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Charter funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Charter has managed its exposure to interest rate risk by investing in the county treasury. The Charter's investments in the Sutter County Treasury Investment Pool, which combines the Charter's share of the portfolio, has a combined fair value of $642,088 and an amortized book value of $661,436 as of June 30, 2024.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Cash in County Treasury (continued)

Fair Value Measurement
Cash in county treasury is measured at Level 1 using the fair value input levels noted in Note 1N. The Charter has classified these funds as Level 1 because the amounts invested in the county treasury pooled investment fund primarily consist of investment types having observable inputs that reflect quoted prices. The investment types include those noted under the general authorizations section.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consists of the following:

Local control funding sources, state aid	$	69,582
Federal sources		35,371
Other state sources		151,367
Other local sources		92,518
Total Accounts Receivable	$	348,838

NOTE 4 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2024 consists of the following:

	July 1, 2023	Additions	Disposals	June 30, 2024
Property and equipment				
Building improvements	$ 574,450	$ -	$ -	$ 574,450
Transportation equipment	61,794	116,067	30,897	146,964
Total property and equipment	636,244	116,067	30,897	721,414
Less accumulated depreciation	(485,652)	(121,000)	(18,538)	(588,114)
Capital Assets, net	$ 150,592	$ (4,933)	$ 12,359	$ 133,300

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2024, consists of the following:

Vendor payables	$	131,204
Due to grantor government		19,808
Accrued payroll expenses		14,955
Total Accounts Payable	$	165,967

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2024, consists of unspent conditional contributions from the following sources:

Federal sources	$	33,960
State sources		463,124
Total Deferred Revenue	$	497,084

NOTE 7 – OPERATING LEASE

The Charter holds a lease agreement for the of modular buildings. The lease term ends January 2025. Total lease payments made during the year ended June 30, 2024 were $109,800. No discount rate has been applied to the present value calculation of lease payments. The remaining lease payments are as follows:

Fiscal Year Ending June 30,	Operating Lease Liability	Right-of-Use Asset
2025	$ 54,900	$ 54,900
Total	$ 54,900	$ 54,900

NOTE 8 – LOAN PAYABLE

A summary of activity related to loans payable during the year ended June 30, 2024 consists of the following:

	July 1, 2023	Draws	Payments	June 30, 2024
Due to CORE Charter	$ 550,000	$ -	$ 22,500	$ 527,500
Total Loan Payable	$ 550,000	$ -	$ 22,500	$ 527,500

Due to CORE Charter

The Charter holds a loan due to CORE Charter for $527,500 as of June 30, 2024. The amount consists of $850,000 in expenses paid by CORE Charter on behalf of AeroSTEM Academy during its first years of operation less $250,000, which was forgiven by CORE Charter in the prior year, and further reduced by payments of $50,000 made in 2021-22 and a payment of $22,500 in 2023-24. As agreed upon within a memorandum of understanding (MOU), the balance was initially to be fully repaid by June 2023 and included a three percent interest rate, but the repayment date was extended to June 30, 2028. Refer to Note 13 for additional information on related party transactions.

NOTE 9 – NET ASSETS

As of June 30, 2024, the Charter had no net assets with 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 Charter. At June 30, 2024, the Charter's net assets without donor restrictions consist of the following:

Net investment in capital assets	$	133,300
Undesignated		(197,125)
Total Net Assets without Donor Restrictions	$	(63,825)

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Charter's financial assets as of June 30, 2024, reduced by amounts not available for general expenditure within one year. 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.

Financial Assets		
Cash and cash equivalents	$	642,088
Accounts receivable		348,838
Contractual or donor-imposed restrictions		
Cash held for conditional contributions		(497,084)
Financial Assets available to meet cash needs for expenditures within one year	$	493,842

NOTE 11 – 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. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)

Plan Description
AeroSTEM Academy Inc. 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 2023-24 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2023-24 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the fiscal year ended June 30, 2024 was $134,183; 100% of the required annual contribution.

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 AeroSTEM Academy Inc. is estimated at $48,340. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description
AeroSTEM Academy Inc. contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy
Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

AeroSTEM Academy Inc. is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2023-24 was 26.68% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalPERS for the year ended June 30, 2024 was $54,110; 100% of the required annual contribution.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, AeroSTEM Academy Inc. is approved to operate as a public charter school through authorization by the Sutter 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.

The Charter makes payments to the authorizing agency to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Oversight fees for the fiscal year ended June 30, 2024 amounted to $12,209.

Governmental Funds

AeroSTEM Academy Inc. 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. The Charter does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 11 for additional information on employee retirement plans.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Pending or Threatened Litigation

The Charter has the potential to be involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2024.

Facilities Lease

In November 2019, the Charter entered into two separate lease agreements with the same party to cover a term of five years for the use of a parcel located at the Sutter County Airport. The first lease agreement covered a term from January 1, 2019 to December 31, 2020 and called for monthly payments of $2,000. The second lease is an extension of the original agreement for a term beginning January 1, 2020 and ending December 31, 2024 with a monthly payment of $3,083.33. During the fiscal year ended June 30, 2024, a total of $37,000 was made in lease payments. Future minimum lease payments are $18,500 for the 2024-25 fiscal year.

NOTE 13 – RELATED PARTY TRANSACTIONS

CORE Charter School

CORE Charter School (CORE) is a separate nonprofit organization with a governing board independent from the Charter. During the fiscal year ended June 30, 2019, CORE aided in the start-up of AeroSTEM Academy, a newly operational charter school, which previously operated as a learning center of CORE.

In January 2018, CORE and AeroSTEM Academy entered into a memorandum of understanding (MOU) for CORE to provide temporary funds up to $600,000 to the Charter for start-up and operational needs during its first year of operation. The agreement initially allowed for repayment in full on or before June 30, 2023 and included a three percent interest rate, but extended the repayment date to June 30, 2025. For the Charter's initial years of operation, CORE directly paid for expenses on behalf of the Charter. As mentioned in Note 8, the outstanding balance as of June 30, 2024 due from AeroSTEM Academy Inc. to CORE was $527,500. The Charter made a total of $22,500 in principal payments during the fiscal year ended June 30, 2024.

The Charter holds a memorandum of understanding (MOU) with CORE regarding the Career Technical Education and Incentive Grant (CTEIG), whereby, CORE serves as the lead agency and fiscal agent, assumes responsibility for reporting requirements, and provides fiscal and other support services to meet the needs of the CTEIG program. Based on the MOU, the Charter maintains the career technical education pathways and will adhere to CORE's requests and procedures for monitoring and compliance. Although originating from state sources, the funding is presented as local revenue within the statement of activities because the Charter is not specifically listed as the awardee by the State. Total funding passed-through CORE to AeroSTEM Academy amounted to $92,038 for the fiscal year ended June 30, 2024.

NOTE 14 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to AeroSTEM Academy Inc. 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. During the fiscal year ended June 30, 2024, the Charter did not receive any noncash donations.

NOTE 15 – GOING CONCERN / NEGATIVE NET ASSETS

At June 30, 2024, AeroSTEM Academy Inc.'s net asset balance was a deficit $63,825. The negative net asset balance and a notice of concern subsequently issued from the authorizer key factors that raise substantial doubt about the Charter's ability to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Charter be unable to continue as a going concern.

Management's plans to mitigate the conditions and events that raise substantial doubt about the Charter's ability to continue as a going concern include plans include a projected enrollment increase from 100 to 120 students, while the school strategically shifts appropriate costs to restricted funds to optimize resources. Additionally, cost-saving measures include not filling a planned full-time teacher position for the 2024-25 school year and reducing one paraeducator, registrar, and attendance/health clerk position at mid-year. The Charter also transitioned from an in-house staff custodian to a custodial service to further streamline operations.

The Charter's ability to restore its net asset balance to a surplus is mainly dependent on its ability to be successful in management's plans; however, there have been no assurances that the Organization will be successful in its efforts.

NOTE 16 – SUBSEQUENT EVENTS

AeroSTEM Academy Inc. has evaluated subsequent events for the period from June 30, 2024 through March 5, 2025, the date the financial statements were available to be issued. In Fall 2024, a notice of concern was issued from the authorizer to the Charter regarding inaccuracies in financial reporting, especially as it relates to reporting of accurate cash balances. Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

AEROSTEM ACADEMY INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024

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

	Second Period Report	Annual Report
	Classroom-Based	
Grade Span		
Regular		
Fourth through sixth	23.97	23.54
Seventh through eighth	41.88	41.94
Ninth through twelfth	29.58	28.80
Total Average Daily Attendance - Classroom-Based	95.43	94.28
Total Average Daily Attendance	95.43	94.28

The Charter had no Nonclassroom-Based ADA in 2023-24.

AEROSTEM ACADEMY INC.
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024

This schedule presents information on the amount of instructional time offered per grade level by the charter school and whether the charter school complied with the provisions of *Education Code Section* 47612.5.

	Instructional Minutes				Instructional Days				
Grade Level	Annual Requirement	Annual Minutes	Credited Minutes*	Offered Minutes	Minimum Requirement	Annual Days	Credited Days*	Offered Days	Status
Grade 5	54,000	56,760	619	56,141	175	176	2	174	Complied
Grade 6	54,000	56,760	619	56,141	175	176	2	174	Complied
Grade 7	54,000	56,760	619	56,141	175	176	2	174	Complied
Grade 8	54,000	56,760	619	56,141	175	176	2	174	Complied
Grade 9	64,800	67,320	619	66,701	175	176	2	174	Complied
Grade 10	64,800	67,320	619	66,701	175	176	2	174	Complied
Grade 11	64,800	67,320	619	66,701	175	176	2	174	Complied
Grade 12	64,800	67,320	619	66,701	175	176	2	174	Complied

*The Charter received an approved Form J-13A for the number of instructional days and number of instructional minutes indicated above.

AEROSTEM ACADEMY INC.
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024

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

June 30, 2024, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals) - Line F2	$ 326,917
Adjustments:	
Increase (decrease) in total net assets:	
Beginning net assets - prior audit adjustments	(166,041)
Beginning net assets - other adjustments (client recorded)	801,601
Cash in county treasury	(660,578)
Fair value adjustment to cash in county treasury	16,976
Cash in banks	(121,087)
Accounts receivable	(188,368)
Due from grantor governments	7,333
Capital assets, net of accumulated depreciation	103,709
Due to grantor governments	98,694
Deferred revenue	(305,479)
Loans payable	22,500
Due to rounding	(2)
Net adjustments	(390,742)
June 30, 2024, net assets per audited financial statements	$ (63,825)

OTHER INFORMATION

AEROSTEM ACADEMY INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024

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

AeroSTEM Academy Inc., located in Sutter County, was formed as a nonprofit public benefit corporation on July 27, 2017 and was numbered by the State Board of Education in August 2018 as California Charter No. 2000. The Charter is authorized to operate as a charter school through the Sutter County Superintendent of Schools. Instruction initially began in August 2018. During 2023-24, the Charter served approximately 107 students in grades 5 to 12.

BOARD OF DIRECTORS

Name	Office	Term Expiration
Tony Barber	President	June 30, 2024
Marvin King	Treasurer	June 30, 2024
June McJunkin	Authorizer Representative	June 30, 2024
Rikki Shaffer	Community Member	June 30, 2024
Jennifer Chaplin	Parent Member	June 30, 2024

ADMINISTRATION

Joseph Clark
Executive Director

OTHER INDEPENDENT AUDITORS' REPORTS

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
AeroSTEM Academy Inc.
Yuba 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 financial statements of AeroSTEM Academy Inc. (the "Charter") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter's financial statements and have issued our report thereon dated March 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter'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*.

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AeroSTEM Academy Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on AeroSTEM Academy Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as the corrective action plan. The Charter's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

San Diego, California
March 5, 2025

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

To the Board of Directors of
AeroSTEM Academy Inc.
Yuba City, California

Report on State Compliance

Opinion on State Compliance

We have audited AeroSTEM Academy Inc.'s compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to AeroSTEM Academy Inc.'s state program requirements for the fiscal year ended June 30, 2024.

In our opinion, AeroSTEM Academy Inc. complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2024, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AeroSTEM Academy Inc.'s compliance based on our audit.

Auditor's Responsibilities for the Audit for State Compliance (continued)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about AeroSTEM Academy Inc.'s compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AeroSTEM Academy Inc.'s compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AeroSTEM Academy Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of AeroSTEM Academy Inc.'s internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine AeroSTEM Academy Inc.'s compliance with the state laws and regulations to the following items:

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

"Not applicable" is used in the table above to indicate that the charter school did not receive program funding or did not otherwise operate the program during the fiscal year.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
March 5, 2025

FINDINGS AND QUESTIONED COSTS SECTION

AEROSTEM ACADEMY INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

The Charter 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?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2023-24 Guide for Annual Audits of California K-12 Local Education Agencies* ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

All audit year findings, if any, are assigned an appropriate finding code as follows:

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

PART II – FINANCIAL STATEMENT FINDINGS

FINDING 2024-001: FINANCIAL STATEMENT REPORTING (30000) – Material Weaknesses

Criteria: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted accounting principles, which 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.

Condition: The Charter did not have adequate accounting controls in place. The financial statements required numerous audit adjustments, which entailed timely reconciliation of all balance sheet accounts. Material adjustments included:

- Reconciliation of cash balances for cash in county treasury and cash in banks. The original cash balance was overstated by $764,689.
- Reconciliation of accounts receivables, deferred revenue, and revenues. The original receivables balance was overstated by $181,034. The original deferred revenue balance was understated by $305,479.
- Recording of fixed asset additions and disposals were incorrect with additions recorded as an expense and fixed assets not removed for disposal of equipment. The original net capital assets balance was understated by $103,709.
- Reconciliation of accounts payable and other liabilities. The original accounts payable balance was overstated by $98,694. The principal payments on the loan were incorrectly reported as an expense of $22,500.
- Recording of the lease standard (FASB ASC 842) was not included in the financial statements. An audit adjustment to include a right-of-use asset and lease liability of $54,900 for the remaining payments on the material modular lease were recorded. Other immaterial leases for facilities and copier equipment were not recorded.

Additionally, there was an unexplained variance on the unaudited actuals with reported ending fund balance/net position. Ending net assets on the balance sheet portion of the unaudited actuals (line K) was $962,475 yet the income statement portion (line F2) reported ending net assets of $326,917. Net adjustments impacting ending net assets as compared to the unaudited actuals line K totaled negative $1,026,300 and negative $390,742 when compared to line F2.

Cause: Inadequate controls over financial reporting. Double-entry bookkeeping was not properly applied for reporting of unaudited actuals.

Effect: Inaccurate financial reporting. Numerous audit adjustments to the financial statements were necessary.

Repeat Finding: This is a repeat finding. Refer to Finding 2023-001 in the summary of prior audit findings section.

Recommendation: We recommend that management employ or contract with accounting personnel experienced in charter school accounting to ensure that the financial records are properly reconciled on a timely basis. Additionally, management should obtain and review all lease agreements and either work with a consultant or software specific to proper implementation of the lease standard.

Corrective Action Plan: AeroSTEM has contracted with a fiscal team to ensure financials are reported correctly going forward.

PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2024.

PART IV – SUMMARY OF PRIOR AUDIT FINDINGS

FINDING 2023-001: FINANCIAL STATEMENT REPORTING (30000) – Material Weaknesses

Summary: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted accounting principles, which 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.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating or finance lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

The Charter did not have adequate accounting controls in place. The financial statements required numerous audit adjustments, which entailed timely reconciliation of all balance sheet accounts. Material adjustments included:

- Reconciliation of cash balances for cash in county treasury and cash in banks. The original cash balance was overstated by over $1.2 million.
- Reconciliation of accounts receivables, deferred revenue, and revenues. The original receivables balance was understated by more than $341,000. The original deferred revenue balance was understated by more than $171,000.
- Reconciliation of accounts payable and other liabilities. The original accounts payable balance was overstated by over $145,000. The interest only payments on the loan were incorrectly reported as principal payments.
- The trial balance provided for audit included an unreconciled difference of $115,855 that could not be explained or supported by management. This amount is reported as an expense abatement.

Additionally, Charter management had not determined the impact and did not reflect the significant change from this new accounting principle (FASB ASC 842) within its financial statements for the 2022-23 fiscal year.

Current Status: Not implemented. Refer to Finding 2024-001.

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At-Will Employment Agreement

Job Title: Executive Director		Days : 215	Hours: 8
Schedule: Certificated A	Step: 10	Salary: $166,128	Type: Full Time
Employee Name: Joseph Clark		Classification: Exempt	

This Employment Agreement ("Agreement") is entered into by and between the above-named employee ("Employee") and the Governing Board ("Board") of AeroSTEM Charter School ("AeroSTEM"), a California public charter school approved by the Sutter County Superintendent of Schools ("District").

The Board desires to hire employees who will assist AeroSTEM in implementing its purposes, policies, and procedures, and in achieving the goals and meeting the requirements of AeroSTEM's charter.

The parties recognize that AeroSTEM is not governed by the provisions of the California Education Code, except as expressly set forth in the Charter Schools Act of 1992.

Whereas, AeroSTEM and the Employee wish to enter into an employment relationship under the conditions set forth herein, the parties hereby agree as follows:

1. Statutory Provisions Relating to Charter School Employment

1.1. AeroSTEM operates a charter school which has been established pursuant to the Charter Schools Act of 1992, Education Code section 47600, et seq., and which has been duly approved by the District, according to the laws of the State of California.

1.2. Pursuant to Education Code section 47604, AeroSTEM has elected to be formed and to operate as a nonprofit public benefit corporation pursuant to the Non-profit Public Benefit Corporation Law of California (Part 2, commencing with section 5110 et seq. of the Corporations Code). As such, AeroSTEM is considered a separate legal entity from the District, which granted the charter. The District shall not be liable for any debts and obligations of AeroSTEM, and the employee signing below expressly recognizes that he/she is being employed by AeroSTEM and not the District.

1.3. Pursuant to Education Code section 47610, AeroSTEM must comply with all of the provisions set forth in its operative charter, but is otherwise exempt from the laws governing school districts except as specified in Education Code section 47610.

1.4. AeroSTEM shall be deemed the exclusive public school employer of the employees at AeroSTEM for purposes of Government Code section 3540.1.

2. Employment Terms And Conditions

2.1. <u>Duties</u>

2.1.1. The Employee shall work in the position listed above and perform the duties listed in the job description. The Employee will perform such duties as AeroSTEM may

reasonably assign and the Employee will abide by all AeroSTEM policies and procedures as adopted and amended from time to time. The Employee further agrees to abide by the provisions of AeroSTEM's charter. A copy of the job description for the above position is attached hereto and incorporated by reference herein. These duties may be amended from time to time in the sole discretion of AeroSTEM.

2.1.2. The Employee shall be the Chief Executive Officer of the Charter School. As such, the Employee shall have the primary responsibility for execution of Board policy, whereas the Board shall retain the primary responsibility for formulating and adopting said policy. The Employee shall review all policies under consideration by the Board and make appropriate recommendations.

2.1.3. The Employeeshall have the additional responsibility for organizing, re-organizing and arranging the AEROSTEMs staff, which in the Employee's judgment would best serve AEROSTEM. The Employee shall have responsibility in personnel matters. In all personnel matters, procedures outlined in the Charter or any other governing documents shall be followed.

2.1.4. The Board, individually and/or collectively, will promptly refer to all criticisms, complaints, and suggestions called to its attention to the Employee for investigation, study and/or recommendations and shall refrain from individual interference with the administration of school policies, except through Board action.

2.2. Term

2.2.1. Subject to Section 3, "Employment At-Will" herein, AEROSTEM hereby employs Employee beginning July 1, 2025 through June 30, 2026.

2.2.2. Commencing on July 1, 2026 and on each anniversary of that date thereafter, the Term shall be extended for an additional one (1) year term.

2.2.3. The Board may elect not to renew this Agreement without cause at its sole discretion by providing the Employee with written notice of non-renewal by March 15.

2.3. Work Schedule - The current year schedule is attached hereto and incorporated by reference herein. The Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with AeroSTEM.

2.3.1. Part Time: The work schedule for this position shall consist of Monday through Friday, and hours listed above. The Employee is prohibited from working hours in excess of this work schedule, including overtime, without the prior written consent of AeroSTEM. Workdays for the Employee shall be consistent with the applicable calendar of workdays for this position.

2.3.2. Full Time: The minimum on-site obligations for this position shall generally be Monday through Friday, 7:30 a.m. to 4:30 p.m. While the Employee shall be available on-site during this time period, the duties of this exempt position may require work on weekends, as well as before and after the regular work year or hours of the work day. Workdays on which the Employee is expected to be on-site shall be consistent with the applicable calendar of workdays for this position.

2.4. Compensation

2.4.1. The annual compensation for this position shall be indicated by the schedule and step listed above on the salary schedule. The employee is to be paid monthly or biweekly depending on the schedule, subject to all regular withholdings. The Employee's compensation may be prorated depending on whether the Employee remains employed, or in active work status, for the entire year. Exempt employees shall not be eligible to earn overtime, non-exempt employees shall not be permitted to earn overtime compensation without the prior written consent of AeroSTEM.

2.4.2. The base salary shall have an increase of 5% per year subject to annual Board approval. Depending upon a performance evaluation, the Board may agree to provide the Employee with additional increases in the Board's sole discretion.

2.4.3. The Employee must have a cellular phone to provide immediate and/or remote access to the Employee. As a result, AEROSTEM shall pay the Employee a monthly cellular phone allowance of $100 per month, not to exceed $1,200.00 per contract year. AEROSTEM will not purchase or replace the Employee's personal cell phone.

2.5. Employee Benefits

2.5.1. The Employee shall be entitled to participate in designated employee benefit programs and plans established by AeroSTEM (subject to program and eligibility requirements) for the benefit of its employees, which from time to time may be modified by AeroSTEM in its sole discretion.

2.5.2. The Employee shall be afforded such health and other benefits of employment as shall be granted to AEROSTEM' certificated employees, including entitlement to participation in STRS, except as otherwise set forth in this Agreement.

2.5.3. The Employee is entitled to up to ten (10) days of time off each school year for sick leave. Such time is for injury or illness, or the care of family members who are injured or ill, and must be reported and recorded. Sick leave may not be accrued from year to year, and is not paid out upon termination. Upon separation from the School, any unused sick leave will be certified to the employee's retirement system for possible service credit, per the rules and limitations of the retirement system.

2.5.4. The Employee is entitled to up to two (2) days of time off each school year for personal leave. Personal leave may not be accrued from year to year, and is not paid out upon termination.

2.5.5. The Employee shall be permitted to spend up to $9,000 of budgeted funds annually towards professional development for the Executive Director and/or organizational membership for AEROSTEM. This is meant to maintain and improve the Employee's professional competence by a variety of means, including, without implied limitation, subscription to and reading of appropriate periodicals, and joining and participating in appropriate professional associations and their activities that advance the school's professional interests. The Employee shall be encouraged to attend appropriate professional meetings at the local, state and national levels.

2.6. Performance Evaluation

2.6.1. Each year under this Agreement, the parties shall meet to establish the Executive Director's performance objectives for the following school year. Said performance objectives shall be reduced to writing and shall be based on the duties and responsibilities set forth in this Agreement, Board policy and any other criteria mutually agreed upon by the parties.

2.6.2. The Board shall evaluate the performance of the Employee at least once, preferably twice, annually. These evaluations shall be based on the job description and performance objectives defined in this Agreement. The Board, unless otherwise agreed to in writing with the Employee, shall maintain confidentiality concerning the contents of any evaluation.

2.6.3. In the event that a majority of the members of the Board determine that the performance of the Employee needs improvement or is unsatisfactory, the Board shall describe in writing, in reasonable detail, areas that need improvement and/or examples of unsatisfactory performance where appropriate. Failure to evaluate the Employee or a decision to offer assistance is not intended to alter and shall not alter the terms of this employment agreement.

2.6.4. A copy of the written evaluation shall be delivered to the Employee and he shall have the right to make an oral or written response to the evaluation. Within thirty (30) days of the delivery of the written evaluation to the Employee, the Board shall meet with the Employee to discuss the evaluation.

2.7. Employee Rights - Employment rights and benefits for employment at AeroSTEM shall only be as specified in this Agreement, AeroSTEM's charter, the Charter Schools Act, and AeroSTEM's Employee Handbook, which AeroSTEM may amend and modify from time to time. Employment rights and benefits may be affected by other applicable agreements or directives or advisories from the California Department of Education or the State Board

of Education. During the term of this Agreement, the Employee shall not acquire or accrue tenure, or any employment rights with AeroSTEM.

2.8. Licensure - The Employee understands that employment is contingent upon verification and maintenance of any applicable licensure and/or credentials.

2.9. Child Abuse and Neglect Reporting - California Penal Code section 11166 requires any child care custodian who has knowledge of, or observes, a child in his/her professional capacity or within the scope of his/her employment whom he/she knows or reasonably suspects has been the victim of child abuse to report the known or suspected instance of child abuse to a child protective agency immediately, or as soon as practically possible, by telephone and to prepare and send a written report thereof within thirty-six (36) hours of receiving the information concerning the incident. By executing this Agreement, the Employee acknowledges he/she is a child care custodian and is certifying that he/she has knowledge of California Penal Code section 11166 and will comply with its provisions.

2.10. Fingerprinting/TB Clearance - Fingerprint clearance for the Employee will be acquired through submitting the Employee's fingerprints to the California Department of Justice. The Employee will be required to assume the cost of all fees related to the fingerprinting process. The Employee will be required to submit evidence from a licensed physician and/or licensed entity that the Employee was found to be free from tuberculosis risk factors, or active tuberculosis if risk factors were identified. Both clearances must be in place prior to the first day of service.

2.11. Conflicts of Interest - The Employee understands that, while employed at AeroSTEM, he/she will have access to confidential and proprietary information. The Employee therefore shall not maintain employment or contracts for employment, or engage in any consultant or independent contractor relationship, with any other agency or school that will in any way conflict with his/her employment with AeroSTEM.

2.12. Outside Professional Activities - Upon obtaining prior written approval of the Executive Director, the Employee may undertake for consideration outside professional activities, including consulting, speaking, and writing. The outside activities shall not occur during regular work hours. AeroSTEM shall in no way be responsible for any expenses attendant to the performance of such outside activities.

3. Employment At-Will

3.1. AeroSTEM may terminate this Agreement and the Employee's employment at any time with or without cause, with or without advance notice, and at AeroSTEM's sole and unreviewable discretion. Either party may immediately terminate this Agreement and the Employee's employment upon written notice to the other party.

3.2. The Employee also may be demoted or disciplined and the terms of his/her employment may be altered at any time, with or without cause, at the discretion of AeroSTEM. No one other than the Board has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to the terms of this Agreement, and any such agreement must be in writing and must be signed by the Board and by the affected employee and must specifically state the intention to alter this "at-will" relationship.

3.3. In the event of charter revocation or non-renewal, all contractual obligations under this Agreement cease immediately upon the effective date of revocation or non-renewal.

4. General Provisions

4.1. Waiver of Breach - The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, will not operate or be construed as a waiver of any subsequent breach.

4.2. Assignment - The rights and obligations of the respective parties under the Agreement will inure to the benefit of and will be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement will not be assignable by either party without prior written consent of the other party.

4.3. Governing Law - This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of California.

4.4. Partial Invalidity - If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof will remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of the Agreement.

5. **Acceptance of Employment** - By signing below, the Employee declares as follows:

   5.1. I have read this Agreement and accept employment with AeroSTEM on the terms specified herein.

   5.2. All information I have provided to AeroSTEM related to my employment is true and accurate.

   5.3. A copy of the job description is attached hereto.

   5.4. This is the entire agreement between AeroSTEM and me regarding the terms and conditions of my employment. This is a final and complete agreement and there are no other agreements, oral or written, express or implied, concerning the subject matter of this Agreement.

Employee Signature: _____ Date: _____

Employee Start Date: Jul 1, 2025

AeroSTEM Academy Board Approval

Signature: _____ Date: _____