

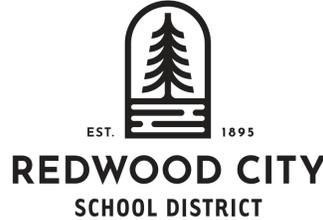
**REDWOOD CITY SCHOOL DISTRICT**

750 Bradford Street • Redwood City • CA 94063 • (650) 423-2200 • FAX: (650) 423-2204

***Mission: RCSD creates a safe and supportive, inspirational and rigorous, joyful and inclusive environment for all learners***

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John R. Baker, Ed.D.

January 14, 2026

Thomas O’Toole, Board President  
Connect Community Charter School  
635 Oakside Avenue  
Redwood City, CA 94063

Subject: **First Interim Financial Report – Fiscal Year 2025-26**

Dear Mr. O’Toole:

The Redwood City School District (District) has examined the First Interim Financial Report for Connect Community Charter School (Connect) for fiscal year 2025-26 in accordance with the District’s duties as chartering authority per Education Code Section 47604.32 to determine, monitor, and assess the charter school’s fiscal position.

Based on the review of the financial statements, the District Superintendent and staff have the following comments/concerns:

**General Fund Financial Report Summary**

We noted that General Fund revenues increased by approximately \$167,000 at First Interim compared to the 2025-26 Adopted Budget. This is primarily due to an increase in Other State funds of \$168,000. The overall General Fund expenditures have increased by approximately \$148,000 mainly from increased Salary and Benefit costs.

The 2025-26 First Interim Financial Report shows an operating deficit of \$237,015, as shown below:

	General Fund – Unrestricted/Restricted	2025-26 Adopted Budget	2025-26 First Interim
A.	Revenues	\$2,875,599	\$3,042,470
B.	Expenditures	3,131,607	3,279,485
C.	Excess (Deficiency) of Expenditures over Revenues	<256,008>	<237,015>
D.	Other Sources/Uses and Transfers	0	0
E.	Total Increase (Decrease) in Fund Balance	<256,008>	<237,015>
F.	Ending Balance – Unrestricted/Restricted	\$826,042	\$706,128
G.	Ending Balance – Unrestricted only	\$826,042	\$706,128

The total Unrestricted General Fund ending balance for 2025-26 is \$706,128 or 22% of General Fund expenditures. Connect is commended for maintaining a reserve level that exceeds the 5% minimum reserve for economic uncertainties required per the Memorandum of Understanding (MOU) with the District.

Connect is reminded to review carefully the conditions for receipt of state and federal grants and resources to ensure that revenues are properly recorded and funds are expended in accordance with the grant requirements.

### Cash Flow Projections

Connect submitted its cash flow projections for the 2025-26 and 2026-27 fiscal years. All receipts and disbursements equal the corresponding revenues and expenditure in the First Interim Report. All fiscal years show positive monthly cash balances through the end of each fiscal year.

The District Superintendent urges the charter school to continue to implement best practices and monitor its cash position regularly to ensure payroll and other monthly obligations are met on a timely basis.

### Multi-Year Projections (MYP)

The multi-year projection is one of the most important tools in determining the financial position of the school. Connect’s MYP shows deficit General Fund spending in all three forecast years.

Approximately 68% to 70% of the total revenues for Connect are from Local Control Funding Formula (LCFF) sources. The LCFF-funded ADA is projected for the current and the subsequent two fiscal years as shown below:

	2024-25	2025-26	2026-27	2027-28
Enrollment	143	160	170	170
LCFF-funded ADA	137.69	152.00	161.50	161.50
Increase (decrease) from prior year	-	14.31	9.50	0.00

Connect has projected enrollment for 2025-26 at 160 students and 170 for 2026-27 and 2027-28. The projected attendance rate for Connect is approximately 95% of student enrollment. Connect serves students in Grades TK-8.

The chart below summarizes the projected revenues, expenditures, and fund balances each year in the multi-year projections:

General Fund (Unrestricted/Restricted)	2025-26	2026-27	2027-28
Estimated Beginning Balance	\$943,143	\$706,128	\$544,135
Revenues & Other Financing Sources	3,042,470	3,241,156	3,347,937
Expenditures & Other Financing Uses	3,279,485	3,403,149	3,527,848
Net increase (Decrease)	<237,015>	<161,993>	<179,911>
Projected Ending Fund Balance	\$706,128	\$544,135	\$364,224
<i>Fund Balance as a % to Total Expenditures</i>	22%	16%	10%

Connect projects operating deficits in 2025-26, 2026-27 and 2027-28. The Unrestricted General Fund ending balance in 2025-26 is approximately 22% of the total expenditures and decreases to approximately 10% over the subsequent two fiscal years.

## **CONCLUSION**

Based on the District’s review of the financial documents submitted, Connect’s 2025-26 First Interim and multi-year projections appear sufficient to meet the charter school’s financial obligations for the current and subsequent two fiscal years.

As public schools continue to experience the current situation resulting from the coronavirus pandemic, it is critical to stay vigilant of developments in the federal, state and local level that may impact the charter school budget. It is highly important to closely monitor the budget and prudently manage the charter school resources to maintain long-term fiscal solvency and stability.

The District appreciates the support and cooperation of Connect’s administration and staff during the process.

If you have any questions regarding the District's fiscal oversight or the contents of this letter, please do not hesitate to contact us.

Sincerely,

*Rick Edson*

Rick Edson  
Chief Business Official  
(650) 482-2232

*John R. Baker*

John R. Baker, Ed.D.  
Superintendent  
(650) 482-2230

Cc: Hayley Dupuy, Director of Educational Services, Connect Community Charter School  
Francesca D'Amato, Financial Analyst, District Business Services, San Mateo COE  
Rosalie Bowman, Manager, District Business Services, San Mateo COE  
Dhanya Unni, Executive Director, District Business Services, San Mateo COE  
Board of Trustees, Redwood City School District

# Audit trail

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