

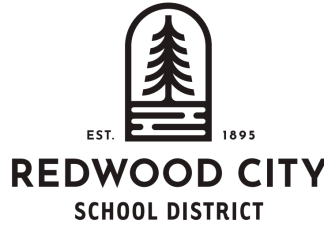
REDWOOD CITY SCHOOL DISTRICT

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

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April 22, 2026

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

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

Dear Mr. O'Toole:

The Redwood City School District (District) has examined the Second Interim Financial Report for Connect Community Charter School (Connect) for fiscal year 2025-26, in accordance with the district's duties as the chartering authority under 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 decreased by approximately \$197,000 at Second Interim compared to the 2025-26 First Interim Report. This is due to a \$243,000 decrease in LCFF funding and a \$45,000 increase in Other State Revenue.

The overall General Fund expenditure has decreased by approximately \$65,000 compared to the First Interim. Salary and benefit costs decreased by \$46,000, and service costs decreased by \$18,000. The total Unrestricted General Fund ending balance for 2025-26 is \$573,203 or 17% of General Fund expenditures.

The 2025-26 Second Interim Financial Report shows an operating deficit of \$369,940, as shown below:

	General Fund – Unrestricted/Restricted	2025-26 First Interim	2025-26 Second Interim
A.	Revenues	\$3,042,470	\$2,844,483
B.	Expenditures	3,279,485	3,214,423
C.	Excess (Deficiency) of Expenditures over Revenues	<237,015>	<369,940>
D.	Other Sources/Uses and Transfers	0	0
E.	Total Increase (Decrease) in Fund Balance	<327,015>	<369,940>
F.	Ending Balance – Unrestricted/Restricted	\$706,128	\$573,203
G.	Ending Balance – Unrestricted only	\$706,128	\$573,203

Connect is commended for maintaining a reserve level exceeding the 5% minimum required for economic uncertainties under the Memorandum of Understanding (MOU) with the district.

As we noticed an adjustment of \$202k in the other sources and uses section between restricted and unrestricted funds, we reminded Connect to continue to review the conditions for receipt of state and federal grants and resources carefully 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 expenditures in the Second 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 implementing best practices and to regularly monitor its cash position 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 for determining the school's financial position. Connect's MYP shows a deficit in General Fund spending in all three forecast years.

Approximately 65% to 72% of Connect's total revenues come 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:

	2025-26	2026-27	2027-28
Enrollment	144	170	170
LCFF-funded ADA	136.47	161.50	161.50
Increase (decrease) from prior year	-1.21	25.03	0

Connect has projected enrollment for 2025-26 at 144 students, 170 for 2026-27, and 170 for 2027-28. The projected attendance rate for Connect is approximately 95% of student enrollment in all three years. 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 (Adjusted)	\$943,143	\$573,203	\$472,350
Revenues & Other Financing Sources	\$2,844,483	3,183,108	3,196,625
Expenditures & Other Financing Uses	\$3,214,423	\$3,283,961	\$3,403,890
Net increase (Decrease)	<369,940>	<100,853>	<207,265>
Projected Ending Fund Balance	\$573,203	\$472,350	\$265,085
<i>Fund Balance as a % to Total Expenditures</i>	<i>17%</i>	<i>14%</i>	<i>7%</i>

Connect projects operating deficits in 2025-26, 2026-27, and in 2026-27. The Unrestricted General Fund ending balance in 2025-26 is approximately 17% of total expenditures, decreasing to approximately 14% in 2026-27, and then to 7% in 2027-28.

As public schools continue to face the current economic situation, it is critical to stay vigilant about developments at the federal, state, and local levels that may impact charter school budgets. It is highly important to closely monitor the budget and prudently manage the charter school's resources to maintain long-term fiscal solvency and stability.

CONCLUSION

Based on the District’s review of the financial documents submitted, Connect’s 2025-26 Second Interim and multi-year projections appear sufficient to meet the charter school’s financial obligations and to maintain all balances over the MOU requirement of 5% for the current and subsequent two fiscal years.

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:

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Dhanya Unni, Executive Director, District Business Services, San Mateo COE
Board of Trustees, Redwood City School District

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