



## Regular Meeting of the Board of Directors

*Tuesday, December 13, 2016 6:00-9:00 PM*

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  - b. Strategic Plan Proposal (Andrew Bray)

*Mission - Navigator Schools drives phenomenal student achievement by developing top tier teachers and leaders who consistently improve innovative classrooms and schools.*

## AGENDA

Regular Meeting of the Board of Directors  
Tuesday, December 13, 2016 6:00-9:00 PM  
Navigator Support Office  
277 I.O.O.F Avenue, Gilroy

**POSTED:** Gilroy Prep School Office, Hollister Prep School Office, Support Office, Website  
*Mission - Navigator Schools drives phenomenal student achievement by developing top tier teachers and leaders who consistently improve innovative classrooms and schools.*

**NOTE:** Times listed for Agenda Items are estimates only. Actual times may vary substantially dependent on circumstances.

### I. Procedural Items

	<u>Item</u>	<u>Objective</u>
A.	6:00 pm <b>Call to Order, Attendance and Opening Remarks</b> <i>Caitrin Wright, Chair</i>	Discussion
B.	6:05 pm <b>Consent Agenda</b> <i>Caitrin Wright, Chair</i> 1. <b>October 25 meeting minutes</b>	Action
C.	6:10 pm <b>Public Comment on items not covered on the regular agenda</b> <i>Caitrin Wright, Chair</i>	Discussion

### II. Presentations, Discussion & Action Items

	<u>Item</u>	<u>Objective</u>
D.	6:15 pm <b>CEO Report</b> <i>Kevin Sved</i>	Discussion
E.	6:55 pm <b>Finance</b> <b>Update from Board Treasurer</b> <b>Approval of 15/16 Audit</b> <i>Joyce Montgomery, Treasurer</i> <i>Bryan Adams</i>	Discussion/Action Discussion Action
F.	7:15 pm <b>Outreach</b> <b>Navigator Recruitment Strategy</b> <i>Kirsten Carr</i>	Discussion
G.	7:35 pm <b>Governance</b> <b>Board composition</b> <b>Board visibility</b> <i>Caitrin Wright</i>	Discussion/Action Action
H.	7:50 pm <b>Dashboard Update</b> <i>Kevin Sved</i>	Discussion/Action Action
I.	8:05 pm <b>Navigator Schools Strategic Plan</b> <b>Recommendation of Consultant</b> <i>Caitrin Wright &amp; Kevin Sved</i>	Discussion/Action

### III. Close of Meeting

	<u>Item</u>	<u>Objective</u>
J.	8:50 pm <b>Meeting Closure and Next Steps</b> <i>Caitrin Wright</i>	Action
K.	9:00 pm <b>Adjourn</b> <i>Caitrin Wright</i>	Action

a. Meeting minutes (October 25, 2016)

## I. Procedural Items

### Item

- A. **Call to Order, Attendance and Opening Remarks**  
*Caitrin Wright, Chair*  
*Present: JP Anderson, Nora Crivello, Alicia Gallegos-Fambrini, Joyce Montgomery (teleconference)*  
*6:04 meeting called to order*  
*John Glover arrived – 6:11*
- B. **Consent Agenda**  
*Caitrin Wright, Chair*
- 1. September 21 meeting minutes**
  - 2. Approve Updated Employee Technology Agreement**
  - 3. Approve Updated Student Technology Agreement**
- Joyce moved to approve consent agenda, Alicia 2<sup>nd</sup> – motion passed unanimously
- C. **Public Comment on items not covered on the regular agenda**  
*Caitrin Wright, Chair*
- No public comment.*

## II. Presentations, Discussion & Action Items

### Item

- D. **CEO Report**  
*Kevin Sved*
- Kevin reviewed the distributed CEO report  
Board discussed multi-year demographic trends. Add current kinder enrollment & total enrollment to table. Review recruitment practices to reach the desired demographic/underserved students. Staff present recommendations at December board meeting.

E. **Finance**  
**Update from Board Treasurer**  
*Joyce Montgomery, Treasurer*  
*Bryan Adams*

Joyce reviewed financial dashboard shared in the packet. Finance team goals:  
Multiyear sustainable financial model.  
Look closely at CMO funding model to see if can be adjusted.  
Provide all tools needed by our teachers and students.

F. **Governance**  
**Board goals**  
**Committee structure and composition for 2016/17**  
*Caitrin Wright, Chair*

Caitrin reviewed governance goals slides (in packet). Discussion followed regarding board goals. Board agreed all areas of focus/goals are important. Next steps will be to decide what success looks like, including:

What does a well-rounded board look like?  
3 vs. 5 year strategic plan

2016-17 Committees/Composition:

Standing Committees: Governance – Alicia, J.P., Caitrin (Chair),  
Finance – Joyce (Chair), Nora, Caitrin

Advisory Committees: CEO Review – Caitrin (in consultation with John) Strategic Planning-  
John, Nora

John 1<sup>st</sup> & Alicia 2<sup>nd</sup> – Moved to ratify the committee structure & composition for the 16/17 school year. Motion passed unanimously.

Suggestion - Include committee notes in board packet.

G. **Dashboard Review 2016/17**  
*Caitrin Wright*

Staff and board reviewed dashboard goals and measures. Board and staff made recommendations and changes including:

Academic Excellence – breakdown by school, more frequent measures

Community Outreach – measure number of kinder applicants residing in traditionally underserved neighborhoods. Also, percentage of 5<sup>th</sup> graders who stay through 8<sup>th</sup> grade & 5<sup>th</sup> to 6<sup>th</sup> grade retention rate.

Finance – Measure of ADA to ADA actual, Change Annual salaries & benefits to 2 months of operating costs

School climate – Measure of student attrition and reasons for transitions

Add: chronic absenteeism rate, safety

H. **Navigator Schools Strategic Plan**

*Caitrin Wright & Kevin Sved*

Discussion included: Strategic plan goals – alignment, focus on priorities, review mission/vision/core values

Are there systems in place to execute strategic plan?

Review order of questions/sequence.

Include risk questions.

Can Navi do this internally or use a consultant?

Level of board engagement. Staff roles v. board roles

Next steps – Caitrin & Kevin – looking for consultant

**III. Close of Meeting**

Item

I. **Meeting Closure and Next Steps**

*Caitrin Wright, Chair*

Meeting score – 8.3

J. **Adjourn**

*Caitrin Wright, Chair*

*Alicia moved to adjourn, Nora 2<sup>nd</sup> – 8:27pm.*

**TELECONFERENCE LOCATIONS:**

Support Office 5858 Horton Street, Suite 451, Emeryville, CA 94608; 1215 Talbryn Dr. Belmont CA 94002; 150 W. San Carlos Street, San Jose, CA 95113

Meeting was called to order at 2:03 by Joyce Montgomery, Treasurer and Finance Committee Chair.

Also Present: Finance Committee Member Nora Crivello; Board Chair Caitrin Wright; Bryan Adams, Consultant; Kevin Sved, CEO; and Melynda Tan, Business Analyst.

**Item**

- A. Public Comment on items not covered on the agenda  
-There were no public comments.
  
- B. Review of current financials with dashboard  
-Bryan presented an update of the financials to date. It is projected that 2016-17 net income will exceed the budgeted net income of \$270k. Joyce mentioned the importance of cash reserves due to state financial conditions. Joyce also recommended that we should increase depreciation threshold from \$3k to \$5k. Technology expenditures will be reported in more detail at next meeting. Additional updates to the report will be made after ADA verified.
  
- C. Review 1<sup>st</sup> Interim Financial report  
-This report was not ready and will be provided to the Board as informational.
  
- D. Review of 2015-2016 Audit Report  
-The Audit Report was reviewed and it is favorable. A few edits were noted. Kevin will forward edits to Bryan who will pass along to the Audit firm.
  
- E. Process for establishing financial reserve and cash reserve policies  
-The committee discussed that the Navigator Board has no formal policies regarding financial reserves but instead set a goal of having the fund balance be at least 25% of the annual operating expenses. It was also discussed the goal of maintaining cash reserves of 2 months of operating expenses is prudent. Extending lines of credit will be explored as a precaution to possible future changes to state revenue disbursement schedules.
  
- F. Recommendation for financial reserve and cash reserve policies  
-There was no action on this item.
  
- G. Reminder for next meeting  
-The next meeting is March 8th at 3pm.

Adjournment: The meeting was adjourned at 2:51pm.

Navigator Schools - Financial Dashboard  
December 2016 Board Report

# Students	Total	GPS	HPS
2015-16 ADA (average daily attendance)	694.94	405.63	289.31
2016-17 ADA - Approved Budget	805.44	459.84	345.6
2016-17 ADA - Cumulative thru 12/2/16	809.7	462.7	347.0
2016-17 Enrollment - Approved Budget	839.0	479.0	360.0
2016-17 Opening Day Enrollment	829.0	468.0	361.0
2016-17 Enrollment - Cumulative thru 12/2/16	838.0	479.0	359.0

	Total	GPS	HPS	CMO
FTE Count - Approved Budget	88.75	48	31.75	9
FTE Count - Projected	87	48	31.75	7.25

Financial Snapshot - all three entities (GPS/HPS/CMO):

	Actual	Goal
Cash balance as of 11/30/16	1,003,899	1,394,656
Annual Expenditures (not including CMO Mgmt Fees)	8,367,936	8,367,936
Number of Months Cash on Hand	1.44	2.00

	2015-16	2015-16	Variance	2016-17	2016-17	Variance
	Actual (Audited)	Original Budget	Favorable (Unfavorable)	Projected (Estimate)	Original Budget	Favorable (Unfavorable)
Revenue	8,406,377	8,093,121	313,256	10,063,414	9,725,917	337,497
Expenses	7,727,692	7,598,924	-128,768	9,735,304	9,456,335	-278,969
<b>Net Income - GAAP basis (audit)</b>	<b>678,685</b>	<b>494,197</b>	<b>184,488</b>	<b>328,110</b>	<b>269,582</b>	<b>58,528</b>
Less Capital Outlay	-169,715	-348,503	178,788	-72,062	-72,053	-9
Revenue less expenses & capital outlay	508,970	145,694	363,277	256,048	197,529	58,519

	2014-15	2015-16	2016-17	2016-17
Beginning Fund Balance	1,892,296	1,790,843	2,469,528	2,469,528
<b>Net Income - GAAP basis (audit)</b>	<b>-101,453</b>	<b>678,685</b>	<b>328,110</b>	<b>269,582</b>
Ending Fund Balance	1,790,843	2,469,528	2,797,638	2,739,110
Revenues/Student		11,692	11,995	11,592
Expenses/Student		10,748	11,603	11,271
Fund Balance/Student		3,435	3,334	3,265



Navigator Schools  
December 2016 Board Report

Combined Balance Sheet:	6/30/15	6/30/16	11/30/16
	Audited	Audited	Unaudited
<b>ASSETS</b>			
Cash	1,485,651	1,884,454	1,003,899
Accounts Receivable	820,497	757,909	144,299
Prepaid Expenses	67,669	72,379	25,909
Fixed Assets, net	57,087	188,935	244,396
<b>TOTAL ASSETS</b>	<b>2,430,904</b>	<b>2,903,677</b>	<b>1,418,503</b>
<b>LIABILITIES</b>			
Accounts Payable & Other Accrued Liabilities	442,140	309,149	105,024
CDE Note Payable	197,920	125,000	103,998
<b>TOTAL LIABILITIES</b>	<b>640,060</b>	<b>434,149</b>	<b>209,022</b>
Beginning Net Assets	1,892,296	1,790,843	2,469,528
Net Income - YTD	-101,453	678,685	-1,260,047
Ending Net Assets	1,790,843	2,469,528	1,209,481
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>2,430,904</b>	<b>2,903,677</b>	<b>1,418,503</b>

**2015-16 Budget to Actuals:**

	Total Actuals	Total Budget	Variance Fav (Unfav)	GPS Actuals	GPS Budget	Variance Fav (Unfav)	HPS Actuals	HPS Budget	Variance Fav (Unfav)	CMO Actuals	CMO Budget	Variance Fav (Unfav)
<b>REVENUE:</b>												
LCFF Revenue	5,800,085	5,672,114	127,971	3,191,809	3,192,060	-251	2,608,276	2,480,054	128,222	0	0	0
Federal Revenue	376,585	288,040	88,545	226,416	192,563	33,853	150,169	95,477	54,692	0	0	0
Other State Revenue	929,528	813,285	116,243	599,529	479,935	119,594	329,999	333,350	-3,351	0	0	0
Donations & Grants	113,258	82,800	30,458	24,181	740	23,441	5,264	0	5,264	83,813	82,060	1,753
Other Revenue	67,505	142,164	-74,659	52,701	115,608	-62,907	14,765	26,556	-11,791	39	0	39
CMO Management Fees	1,119,416	1,094,718	24,698							1,119,416	1,094,718	24,698
<b>REVENUE</b>	<b>8,406,377</b>	<b>8,093,121</b>	<b>313,256</b>	<b>4,094,636</b>	<b>3,980,906</b>	<b>113,730</b>	<b>3,108,473</b>	<b>2,935,437</b>	<b>173,036</b>	<b>1,203,268</b>	<b>1,176,778</b>	<b>26,490</b>
<b>EXPENDITURES:</b>												
Salaries	3,906,421	3,863,030	-43,391	1,743,116	1,718,361	-24,755	1,371,431	1,372,098	667	791,874	772,571	-19,303
Benefits & Taxes	864,961	854,122	-10,840	417,765	417,384	-381	312,698	307,020	-5,678	134,498	129,717	-4,781
Books & Supplies	816,438	670,675	-145,763	497,454	436,322	-61,132	292,391	212,853	-79,538	26,593	21,500	-5,093
Services & Other Operating Expense	982,589	1,116,380	133,791	475,375	494,033	18,658	329,514	410,844	81,330	177,700	211,503	33,803
CMO Management Fees	1,119,416	1,094,718	-24,698	616,019	616,068	49	503,397	478,650	-24,747			
Capital Outlay	169,715	348,503	178,788	138,093	216,733	78,640	31,622	131,770	100,148	0	0	0
<b>EXPENDITURES</b>	<b>7,859,540</b>	<b>7,947,427</b>	<b>87,887</b>	<b>3,887,822</b>	<b>3,898,902</b>	<b>11,080</b>	<b>2,841,053</b>	<b>2,913,234</b>	<b>72,181</b>	<b>1,130,665</b>	<b>1,135,291</b>	<b>4,626</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>546,837</b>	<b>145,694</b>	<b>401,143</b>	<b>206,814</b>	<b>82,004</b>	<b>124,810</b>	<b>267,420</b>	<b>22,203</b>	<b>245,217</b>	<b>72,603</b>	<b>41,487</b>	<b>31,116</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	546,837	145,694		206,814	82,004		267,420	22,203		72,603	41,487	
Add back Capita Outlay to Net income	169,715	348,503		138,093	216,733		31,622	131,770		0	0	
Subtract Depreciation Expense	-37,867	0		-33,012	0		-4,855	0		0	0	
Net Income - GAAP Basis 2015-16	678,685	494,197	184,488	311,895	298,737	13,158	294,187	153,973	140,214	72,603	41,487	31,116
Beginning Net Assets @ 6/30/15	1,790,843			1,101,797			792,836			-103,790		
Net Income - GAAP Basis 2015-16	678,685			311,895			294,187			72,603		
Ending Net Assets @ 6/20/16	2,469,528			1,413,692			1,087,023			-31,187		

**2016-17 Approved Budget v. Projection:**

	Total Latest Projection	Total Approved Budget	Variance Favorable (Unfavorable)	GPS Latest Projection	GPS Approved Budget	Variance Favorable (Unfavorable)	HPS Latest Projection	HPS Approved Budget	Variance Favorable (Unfavorable)	CMO Latest Projection	CMO Approved Budget	Variance Favorable (Unfavorable)
<b>REVENUE:</b>												
LCFF Revenue	7,118,383	7,118,383	0	3,869,734	3,869,734	0	3,248,649	3,248,649	0	0	0	0
Federal Revenue	346,920	338,070	8,850	227,666	223,188	4,478	119,254	114,882	4,372	0	0	0
Other State Revenue	956,966	757,608	199,358	535,529	453,208	82,321	421,437	304,400	117,037	0	0	0
Donations & Grants	107,000	0	107,000	7,000	0	7,000	100,000	0	100,000	0	0	0
Other Revenue	166,777	138,008	28,769	84,777	85,708	-931	59,300	32,300	27,000	22,700	20,000	2,700
CMO Management Fees	1,367,368	1,373,848	-6,480							1,367,368	1,373,848	-6,480
<b>REVENUE</b>	<b>10,063,414</b>	<b>9,725,917</b>	<b>337,497</b>	<b>4,724,706</b>	<b>4,631,838</b>	<b>92,868</b>	<b>3,948,640</b>	<b>3,700,231</b>	<b>248,409</b>	<b>1,390,068</b>	<b>1,393,848</b>	<b>-3,780</b>
<b>EXPENDITURES:</b>												
Salaries	4,661,827	4,717,763	55,936	2,166,348	2,147,577	-18,771	1,691,337	1,555,996	-135,341	804,142	1,014,190	210,048
Benefits & Taxes	1,134,974	1,119,910	-15,064	553,697	548,899	-4,798	414,186	381,043	-33,143	167,091	189,968	22,877
Books & Supplies	1,244,977	1,084,065	-160,912	669,558	623,043	-46,515	542,519	439,209	-103,310	32,900	21,813	-11,087
Services & Other Operating Expense	1,274,158	1,160,749	-113,409	588,162	515,404	-72,758	474,830	492,746	17,916	211,166	152,599	-58,567
CMO Management Fees	1,367,368	1,373,848	6,480	740,379	746,859	6,480	626,989	626,989	0			
Capital Outlay	72,062	72,053	-9	29,362	29,353	-9	42,700	42,700	0	0	0	0
Contingency (unforeseen expenses)	0	0	0	0	0	0	0	0	0	0	0	0
<b>EXPENDITURES</b>	<b>9,755,366</b>	<b>9,528,388</b>	<b>-226,978</b>	<b>4,747,506</b>	<b>4,611,135</b>	<b>-136,371</b>	<b>3,792,561</b>	<b>3,538,683</b>	<b>-253,878</b>	<b>1,215,299</b>	<b>1,378,570</b>	<b>163,271</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>308,048</b>	<b>197,529</b>	<b>110,519</b>	<b>-22,800</b>	<b>20,703</b>	<b>-43,503</b>	<b>156,079</b>	<b>161,548</b>	<b>-5,469</b>	<b>174,769</b>	<b>15,278</b>	<b>159,491</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	308,048	197,529	110,519	-22,800	20,703	-43,503	156,079	161,548	-5,469	174,769	15,278	159,491
Add back Capital Outlay to Net income	72,062	72,053	-9	29,362	29,353	-9	42,700	42,700	0	0	0	0
Subtract Depreciation Expense	-52,000	0	-52,000	-45,000	0	-45,000	-7,000	0	-7,000	0	0	0
Net Income - GAAP Basis 2016-17	328,110	269,582	58,510	-38,438	50,056	-88,494	191,779	204,248	-12,469	174,769	15,278	159,491
Beginning Net Assets @ 6/30/16	2,469,528			1,413,692			1,087,023			-31,187		
Net Income - GAAP Basis 2016-17	328,110			-38,438			191,779			174,769		
Ending Net Assets @ 6/30/17	2,797,638			1,375,254			1,278,802			143,582		

Navigator Schools  
Financial Board Report Narrative  
December 7, 2016

From: Bryan Adams

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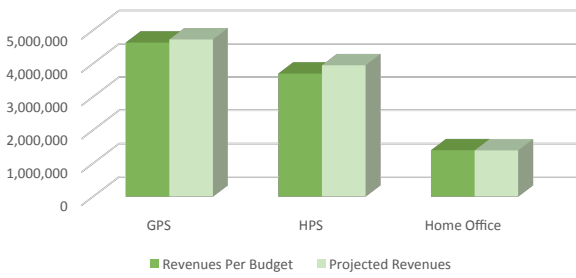
2015-16 Final Results

- The budget for the 2015-16 net income was \$494k as follows: CMO \$41k, Gilroy Prep \$298k, Hollister Prep \$154k.
- The 2015-16 audit has been finalized, and the final 2015-16 result is \$679k, by entity as follows: CMO \$73k, Gilroy Prep \$312k, Hollister Prep \$294k.
- This final net income is \$17k more than the October board report of \$662k net income because liabilities (some going back to 2014-15) were adjusted in our favor upon final account analysis. This last minute adjustment took place a few days before the audit.

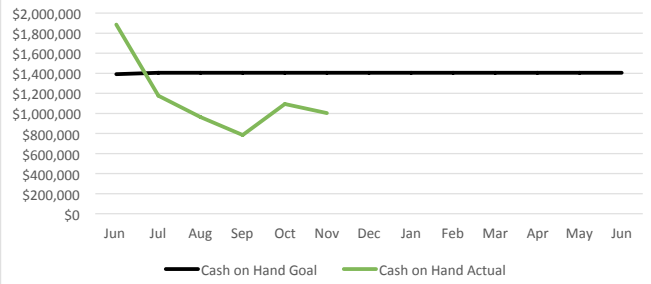
2016-17 Latest Projection

- For the October board report projected total net income was \$240k as follows: CMO \$165k, Gilroy Prep (\$66k), Hollister Prep \$140k.
- The original 2016-17 budget is \$270k net income as follows: CMO \$15k, Gilroy Prep \$50k, Hollister Prep \$204k.
- The latest projection for 2016-17 total net income is \$328k as follows: CMO \$175k, Gilroy Prep (\$38k), Hollister Prep \$192k.
- **We are now projecting 2016-17 net income of \$328k to exceed the original budget (of \$270k) by \$58k, and the projected fund balance at 6/30/17 is now \$2.8MM.** The net income variances from the original budget, by entity, are as follows:
  - CMO net income favorable variance of \$159k is mainly the result of cutting back on wages and benefits for the following people:
    - CFO salary and benefits, offset by additional expense of Abacus consulting, which will cost appr. 50% of CFO sal/ben.
    - GPS principal replaced by James Dent, whose compensation was originally budgeted 100% in the CMO, now only 25% of his salary absorbed by the CMO.
    - Transition in personnel.
  - GPS net income unfavorable variance of (\$88k) is mostly the result of
    - \$45k depreciation expense (estimate) excluded from the original budget.
    - The remaining variance is mostly due to being over budget in the technology expenditures. We will try to lower technology expenditures if possible.
  - HPS net income unfavorable variance of (\$12k) is the net result of a \$100k grant from Silicon Schools, less \$112k in unanticipated expenses – mainly because we didn't budget enough for hourly employees. We are doing a thorough analysis of employee costs.

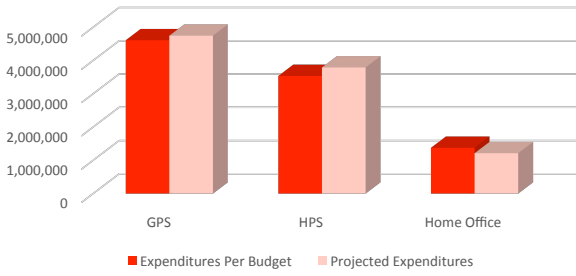
### Revenue Report



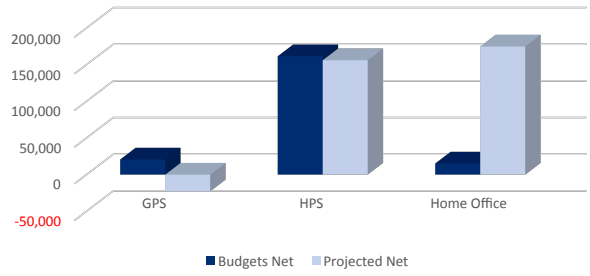
### Cash Balance - Month End



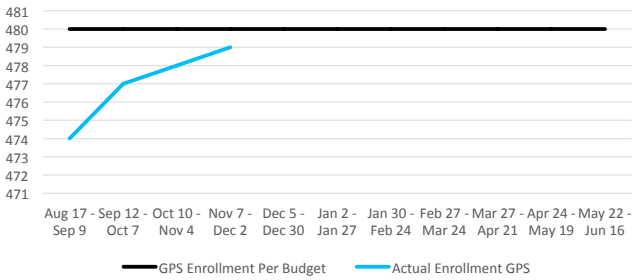
### Expense Report



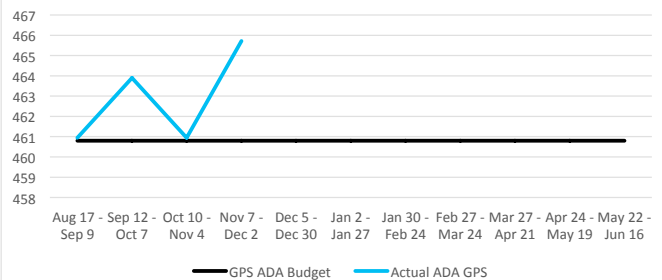
### Surplus/Deficit



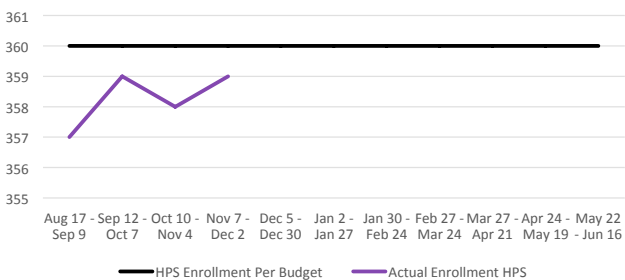
### GPS Enrollment by Month



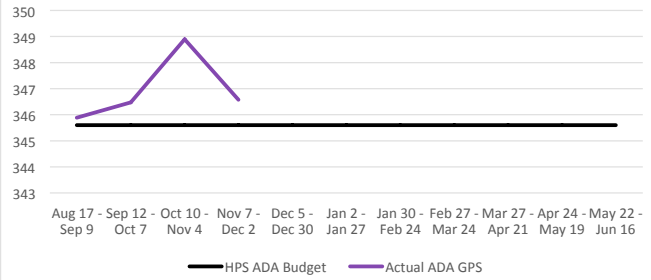
### GPS ADA by Month



### HPS Enrollment by Month



### HPS ADA by Month



**NAVIGATOR SCHOOLS**

**Operating:**

**Gilroy Prep  
Hollister Prep**

**Independent Auditor's Report  
and Financial Statements  
For the Year Ended  
June 30, 2016**

**NAVIGATOR SCHOOLS**

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**June 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Navigator Schools  
Gilroy, CA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Navigator Schools (Navigator), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Navigator Schools

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of Navigator as of June 30, 2016, 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.

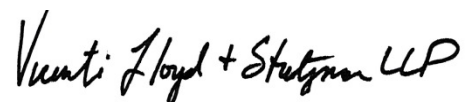
## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on Navigator's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2016 on our consideration of Navigator'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 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 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 Navigator's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP  
Glendora, CA  
November 2, 2016

**NAVIGATOR SCHOOLS**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2016**

	<b>CMO</b>	<b>Gilroy Prep</b>	<b>Hollister Prep</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,421	\$ 1,083,895	\$ 799,138	\$ 1,884,454
Accounts receivable	-	282,412	485,498	767,910
Prepaid expenses and other assets	10,340	265,103	241,613	517,056
Total current assets	11,761	1,631,410	1,526,249	3,169,420
<b>LONG-TERM ASSETS:</b>				
Property, plant and equipment, net	-	159,922	29,014	188,936
Total long-term assets	-	159,922	29,014	188,936
Total assets	\$ 11,761	\$ 1,791,332	\$ 1,555,263	\$ 3,358,356
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 42,948	\$ 377,640	\$ 343,240	\$ 763,828
Long-term debt, current portion	-	-	62,500	62,500
Total current liabilities	42,948	377,640	405,740	826,328
<b>LONG-TERM LIABILITIES:</b>				
Long-term debt	-	-	62,500	62,500
Total long-term liabilities	-	-	62,500	62,500
<b>NET ASSETS:</b>				
Unrestricted	(31,187)	1,344,229	1,087,023	2,400,065
Temporarily restricted net assets	-	69,463	-	69,463
Total net assets	(31,187)	1,413,692	1,087,023	2,469,528
Total liabilities and net assets	\$ 11,761	\$ 1,791,332	\$ 1,555,263	\$ 3,358,356

*The accompanying notes are an integral part of these financial statements.*



**NAVIGATOR SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

	<u>CMO Unrestricted</u>	<u>Gilroy Prep Unrestricted</u>	<u>Gilroy Prep Temporarily Restricted</u>	<u>Hollister Prep Unrestricted</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES:</b>						
State revenue:						
State aid	\$ -	\$ 1,563,282	\$ -	\$ 2,098,022	\$ -	\$ 3,661,304
Other state revenue	-	494,990	104,540	329,999	-	929,529
Federal revenue:						
Grants and entitlements	-	226,416	-	150,169	-	376,585
Local revenue:						
In-lieu property tax revenue	-	1,628,527	-	510,254	-	2,138,781
Contributions	83,813	24,181	-	5,264	-	113,258
Investment income	39	266	-	-	-	305
Other revenue	1,119,416	52,435	-	14,765	(1,119,416)	67,200
Amount released from restrictions	-	87,457	(87,457)	-	-	-
Total revenues and amounts released	<u>1,203,268</u>	<u>4,077,554</u>	<u>17,083</u>	<u>3,108,473</u>	<u>(1,119,416)</u>	<u>7,286,962</u>
<b>EXPENSES:</b>						
Program services	455,745	2,884,856	-	2,116,122	-	5,456,723
Management and general	<u>674,920</u>	<u>897,886</u>	<u>-</u>	<u>698,164</u>	<u>(1,119,416)</u>	<u>1,151,554</u>
Total expenses	<u>1,130,665</u>	<u>3,782,742</u>	<u>-</u>	<u>2,814,286</u>	<u>(1,119,416)</u>	<u>6,608,277</u>
Change in net assets	72,603	294,812	17,083	294,187	-	678,685
Beginning net assets	<u>(103,790)</u>	<u>1,049,417</u>	<u>52,380</u>	<u>792,836</u>	<u>-</u>	<u>1,790,843</u>
Ending net assets	<u>\$ (31,187)</u>	<u>\$ 1,344,229</u>	<u>\$ 69,463</u>	<u>\$ 1,087,023</u>	<u>\$ -</u>	<u>\$ 2,469,528</u>

*The accompanying notes are an integral part of these financial statements.*

## NAVIGATOR SCHOOLS

### STATEMENT OF CASH FLOWS For the Year Ended June 30, 2016

	<b>CMO</b>	<b>Gilroy Prep</b>	<b>Hollister Prep</b>	<b>Total</b>
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>				
Change in net assets	\$ 72,603	\$ 311,895	\$ 294,187	\$ 678,685
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation	-	33,012	4,855	37,867
Change in operating assets:				
Accounts receivable	-	174,692	26,324	201,016
Prepaid expenses and other assets	(527)	(235,561)	(211,728)	(447,816)
Change in operating liabilities:				
Accounts payable and accrued liabilities	(182,874)	108,621	245,941	171,688
Net cash flows from operating activities	(110,798)	392,659	359,579	641,440
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>				
Purchases of property, plant and equipment	-	(138,094)	(31,623)	(169,717)
Net cash from investing activities	-	(138,094)	(31,623)	(169,717)
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>				
Repayments of debt	-	-	(72,920)	(72,920)
Net cash flows from financing activities	-	-	(72,920)	(72,920)
Net change in cash and cash equivalents	(110,798)	254,565	255,036	398,803
Cash and cash equivalents at the beginning of the year	112,219	829,330	544,102	1,485,651
Cash and cash equivalents at the end of the year	\$ 1,421	\$ 1,083,895	\$ 799,138	\$ 1,884,454
Cash paid for interest	\$ -	\$ -	\$ 398	\$ 398

*The accompanying notes are an integral part of these financial statements.*

## NAVIGATOR SCHOOLS

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2016

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries and wages	\$ 3,359,688	\$ 546,730	\$ 3,906,418
Pension expense	265,382	-	265,382
Other employee benefits	316,747	106,769	423,516
Payroll taxes	118,506	57,555	176,061
Management fees	-	166,198	166,198
Legal expenses	-	60,275	60,275
Accounting expenses	-	13,078	13,078
Other fees for services	185,891	71,749	257,640
Advertising and promotion expenses	-	7,391	7,391
Office expenses	50,949	15,206	66,155
Printing and postage expenses	4,190	2,972	7,162
Information technology expenses	116,988	5,093	122,081
Occupancy expenses	150,756	19,682	170,438
Travel expenses	84,534	40,527	125,061
Interest expense	-	398	398
Depreciation expense	37,867	-	37,867
Insurance expense	31,677	13,147	44,824
Instructional materials	650,484	-	650,484
Other expenses	83,064	24,784	107,848
	<u>\$ 5,456,723</u>	<u>\$ 1,151,554</u>	<u>\$ 6,608,277</u>

*The accompanying notes are an integral part of these financial statements.*

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2016

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities* – Navigator Schools (Navigator) is a California non-profit public benefit corporation and is organized to manage and operate public charter schools. The mission of Navigator is to develop students who are proficient or advanced on the California state standards test and to prepare them to excel in college and the work place.

Navigator is funded principally through State of California public education monies received through the California Department of Education. The charters may be revoked by the sponsors for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

*Cash and Cash Equivalents* – Navigator defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Accounting* – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

*Functional Allocation of Expenses* – Costs of providing Navigator’s programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

*Basis of Presentation* – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

*Net Asset Classes* – Navigator is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of Navigator are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of Navigator.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. Navigator currently has temporarily restricted net assets consisting of unspent Clean Energy funding.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by Navigator. Navigator does not currently have any permanently restricted net assets.

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2016

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Receivables** – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2016. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

**Property, Plant and Equipment** – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

**Property Taxes** – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. Santa Clara and San Benito Counties bill and collect property taxes for all taxing agencies within the Counties and distributes these collections to the various agencies. The sponsor agencies of Navigator Schools are required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Revenue Recognition** – Amounts received from the California Department of Education are recognized as revenue by Navigator based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

**Contributions** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Income Taxes** – Navigator is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. Navigator files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

**Evaluation of Subsequent Events** – Navigator has evaluated subsequent events through November 2, 2016, the date these financial statements were available to be issued.

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2016

#### NOTE 2: CONCENTRATION OF CREDIT RISK

Navigator maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. Navigator has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

#### NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. Navigator capitalizes all expenditures for land, buildings and equipment in excess of \$3,000. Depreciation expense was \$37,867 for the year ended June 30, 2016.

The components of property, plant and equipment as of June 30, 2016 are as follows:

	<u>Gilroy Prep</u>	<u>Hollister Prep</u>
Land improvements	\$ 141,935	\$ 17,744
Equipment	122,566	21,364
Subtotal	264,501	39,108
Less: Accumulated depreciation	(104,579)	(10,094)
Total	<u>\$ 159,922</u>	<u>\$ 29,014</u>

#### NOTE 4: LONG-TERM DEBT

##### California Department of Education

Navigator (Hollister Prep) received a revolving loan from the California Department of Education in the amount of \$250,000. The loan has a term of 5 years and carries an interest rate of .244%. Annual payments of principal and interest are deducted from Navigator's apportionment.

The loan repayment by year is as follows:

Year Ended June 30,	
2017	\$ 62,500
2018	62,500
Total	<u>\$ 125,000</u>

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2016

#### **NOTE 5: COMMITMENTS**

Navigator (Gilroy Prep) signed a facility use agreement with the Gilroy Unified School District. The agreement carries a term that coincides with Navigator's charter. The agreement does not require Navigator to pay a lease amount for the use of the property, but instead Navigator pays a supervisorial oversight fees at 3% of Navigator's general purpose entitlement and categorical block grants. The supervisorial oversight fees recorded for the year ended June 30, 2016 were \$95,945.

Navigator (Hollister Prep) signed a facility agreement with Hollister Unified School District starting July 1, 2013 which requires Navigator to pay 3% of Hollister Prep School's general purpose entitlement and categorical block grants for the property. The supervisorial oversight fees recorded for the year ended June 30, 2016 were \$70,253.

#### **NOTE 6: EMPLOYEE RETIREMENT**

##### **Multi-employer Defined Benefit Pension Plans**

Qualified employees are covered under a multi-employer defined benefit pension plan maintained by agencies of the State of California.

The risks of participating in this multi-employer defined benefit pension plan id different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if Navigator chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. Navigator has no plans to withdraw from this multi-employer plan.

##### **State Teachers' Retirement System (STRS)**

###### **Plan Description**

The Navigator contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2015, total plan net assets are \$181 billion, the total actuarial present value of accumulated plan benefits is \$242 billion, contributions from all employers totaled \$2.55 billion, and the plan is 68.5% funded. The Navigator did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and [www.calstrs.com](http://www.calstrs.com).

# NAVIGATOR SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2016

### NOTE 6: EMPLOYEE RETIREMENT

#### Funding Policy

Active plan members hired before December 31, 2012 are required to contribute 9.20% of their salary and those hired after are required to contribute 8.56% of their salary. The Navigator is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for year ended June 30, 2016 was 10.73% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Navigator's contributions to STRS for the past three years are as follows:

Year Ended June 30,	Required Contribution	Percent Contributed
2014	\$ 116,209	100%
2015	\$ 188,042	100%
2016	\$ 265,382	100%

### NOTE 7: LINES OF CREDIT

In July 2013, Navigator entered into a revolving line of credit agreement with Pinnacle Bank in the amount of \$100,000. It carries an interest rate of 2.25%. There was no balance as of June 30, 2016.

### NOTE 8: CHARTER MANAGEMENT ORGANIZATION

Navigator charges CMO fees to each charter for management services performed during the year. Navigator (Gilroy Prep) paid CMO fees of \$616,019 for the year ended June 30, 2016. Navigator (Hollister Prep) paid CMO fees of \$503,397 for the year ended June 30, 2016. These fees were eliminated in the financial statements.

### NOTE 9: CONTINGENCIES

Navigator 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 disallowances under terms of the grants, management believes that any required reimbursement would not be material.



**SUPPLEMENTARY INFORMATION**

## **NAVIGATOR SCHOOLS**

### **LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE For the Year Ended June 30, 2016**

Navigator Schools (Navigator), operates Gilroy Prep School and Hollister Prep School. Navigator is a California non-profit public benefit corporation and is organized to manage and operate public charter schools.

Navigator began serving students at Gilroy Prep in August 2011 and the charter school is sponsored by the Gilroy Unified School District.

Navigator began serving students at Hollister Prep in August 2013 and the charter school is sponsored by the Hollister Unified School District.

Gilroy Prep charter school number authorized by the State: 1278

Hollister Prep charter school number authorized by the State: 1507

# NAVIGATOR SCHOOLS

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued) For the Year Ended June 30, 2016

The Board of Directors and the Administrator as of the year ended June 30, 2016 were as follows:

### BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (2 year term)</u>
Caitrin Wright	President	March 2017
John Glover	Vice President	June 2018
Joyce Montgomery	Treasurer	April 2018
JP Anderson	Member	June 2018
Alicia Gallegos-Fambrini	Member	September 2017
Nora Crivello	Member	June 2018

### ADMINISTRATOR

James Dent                                      Executive Director

## NAVIGATOR SCHOOLS

### SCHEDULE OF INSTRUCTIONAL TIME For the Year Ended June 30, 2016

	Instructional Minutes		Days	Status
	Requirement	Actual		
<b>Gilroy Prep:</b>				
Kindergarten	36,000	51,965	180	In compliance
Grade 1	50,400	54,990	180	In compliance
Grade 2	50,400	57,720	180	In compliance
Grade 3	50,400	57,720	180	In compliance
Grade 4	54,000	55,920	180	In compliance
Grade 5	54,000	56,525	180	In compliance
<b>Hollister Prep:</b>				
Kindergarten	36,000	51,965	180	In compliance
Grade 1	50,400	54,990	180	In compliance
Grade 2	50,400	57,720	180	In compliance
Grade 3	50,400	57,720	180	In compliance
Grade 4	50,400	55,920	180	In compliance

*See auditor's report and the notes to the supplementary information.*

**NAVIGATOR SCHOOLS**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2016**

	<b>Second Period Report</b>		<b>Annual Report</b>	
	<b>Classroom</b>		<b>Classroom</b>	
	<b>Based</b>	<b>Total</b>	<b>Based</b>	<b>Total</b>
<b>Gilroy Prep:</b>				
TK/K-3	231.62	231.62	231.74	231.74
Grades 4-6	174.01	174.01	174.05	174.05
ADA Totals	405.63	405.63	405.79	405.79
<b>Hollister Prep:</b>				
TK/K-3	231.31	231.31	231.20	231.20
Grades 4-6	58.00	58.00	58.24	58.24
ADA Totals	289.31	289.31	289.44	289.44

*See auditor's report and the notes to the supplementary information.*

## NAVIGATOR SCHOOLS

### RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS For the Year Ended June 30, 2016

	<u>Gilroy Prep</u>	<u>Hollister Prep</u>	<u>Total</u>
June 30, 2016 Annual Financial Report			
Fund Balances (Net Assets)	\$ 1,359,444	\$ 1,188,948	\$2,548,392
Adjustments and Reclassifications:			
Increasing (Decreasing) the Fund Balance (Net Assets):			
Cash and cash equivalents	131,783	(89,071)	42,712
Accounts receivable	(149,183)	55,900	(93,283)
Prepaid expenses and other assets	225,456	212,600	438,056
Property, plant and equipment, net	-	(2,502)	(2,502)
Accounts payable and accrued liabilities	(153,808)	(278,852)	(432,660)
Net Adjustments and Reclassifications	<u>54,248</u>	<u>(101,925)</u>	<u>(47,677)</u>
June 30, 2016 Audited Financial Statement			
Fund Balances (Net Assets)	<u>\$ 1,413,692</u>	<u>\$ 1,087,023</u>	<u>\$2,500,715</u>

*See auditor's report and the notes to the supplementary information.*

## NAVIGATOR SCHOOLS

### NOTES TO THE SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2016

#### **NOTE 1: PURPOSE OF SCHEDULES**

##### **Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by Navigator and whether Navigator complied with the provisions of the Education Code.

##### **Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes of Navigator. 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.

##### **Reconciliation of Annual Financial Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

**INDEPENDENT AUDITOR'S 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***

Board of Directors  
Navigator Schools  
Gilroy, CA

We have audited, in accordance with the 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 Navigator Schools (Navigator), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 2, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Navigator's internal control over financial reporting (internal control) to determine the 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 Navigator's internal control. Accordingly, we do not express an opinion on the effectiveness of Navigator'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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



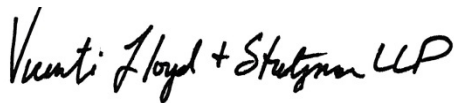
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Navigator'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 determination of financial statement amounts. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP  
Glendora, CA  
November 2, 2016



## INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors  
Navigator Schools  
Gilroy, CA

We have audited Navigator Schools’ (Navigator) compliance with the types of compliance requirements described in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2016. Navigator’s State compliance requirements are identified in the table below.

### Management’s Responsibility

Management is responsible for the compliance with the State laws and regulations as identified below.

### Auditor’s Responsibility

Our responsibility is to express an opinion on Navigator’s compliance based on our audit of the types of compliance requirements referred to below. 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 *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about Navigator’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of Navigator’s compliance.

### Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine Navigator’s compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

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### Opinion on State Compliance

In our opinion, Navigator complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2016.

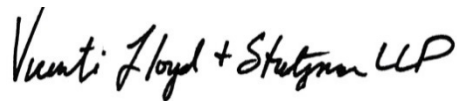
### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each state program is not modified with respect to these matters.

Navigator's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Navigator's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP  
Glendora, CA  
November 2, 2016

NAVIGATOR SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
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

**2016-001      Attendance: Unduplicated Local Control Funding Formula Pupil Counts      10000**

**Charter School:** Hollister Prep Charter School (#1507)

**Criteria:**

Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students as identified above. We tested the certified “1.18—FRPM/English Learner/Foster Youth—Student List” report for a high level of assurance on compliance through the following procedures:

- Selected a representative sample of students indicated as “No” under the “Direct Certification” column that are only free or reduced priced meal eligible (FRPM) identified under the “NSLP Program” column and verify there is a supporting documentation such as a FRPM eligibility application under federal nutrition program or an alternative household income data collection form that indicates the student was eligible for the designation.
- Selected a representative sample of students that are only English Learner (EL) eligible as identified under the “ELAS Designation” column and verified that there was supporting documentation that indicated the student was eligible for the designation.
- Selected a representative sample of students indicated as a “No” under the “Direct Certification” column that are both included in the “NSLP Program” column and the “ELAS Designation” column and verified that there was supporting documentation for at least one of the designations.

**NAVIGATOR SCHOOLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016**

**Condition:**

Based on the testing performed on the “1.18—FRPM/English Learner/Foster Youth—Student List”, we discovered that certain students had not been reported accurately. After discussing these findings with the staff at Navigator, we were provided with revised CALPADS reports after their staff completed their review.

From these revised CALPADS reports, we selected our sample using the criteria stated above and issued a concurrence letter to the CDE.

**Effect:**

Navigator was not in compliance with Education code section 42238.02 (b)(2).

**Cause:**

It appears that management did not yet have a process in place to properly monitor the CalPADS report at the time of the error.

**Questioned Costs & Units:**

The schedule on the following page the charter’s certified total unduplicated pupil count and enrollment count as originally reported in the California Longitudinal Pupil Achievement Data System (CalPADS), shows increases or decreases to the unduplicated pupil count based on any audit adjustments and includes the following:

- Unduplicated pupil count adjustment based on eligibility for FRPM
- Unduplicated pupil count adjustment based on eligibility for both FRPM and EL
- The adjusted total unduplicated pupil count and enrollment counts for the charter school
- Total audited adjustment in LCFF

**Charter School Audit Adjustments to CALPADS Data - Hollister Prep Summary**

School Name	Original	Updated	Net Change	LCFF Entitlement			Supplemental
	Unduplicated Pupil Count	Unduplicated Pupil Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment	
Hollister Prep	192	233	41	2,497,308	2,510,574	13,266	360,937

**Recommendation:**

We recommend that Navigator employ a standardized monitoring process at both the site level and the management level to ensure that reporting errors are minimized and corrections made on a timely basis.

## NAVIGATOR SCHOOLS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

**Management Response:** The misrepresentation of the 2015-16 unduplicated FRL count for Hollister Prep School was the result of conflicting policies by Navigator Schools & the Hollister School District Business Office. Hollister School District was assuming these students for eligibility in the CEP (Community Eligibility Program) therefore HPS should not report them. HPS then learned this was incorrect and should report these students for LCFF purposes in CALPADS. Once this was discovered, we submitted the adjustment to the CDE through the apportionment software and also asked for a letter of concurrence from our auditors.

To prevent future misrepresentation, Navigator will always report out the FRL unduplicated count for LCFF calculations in CALPADS. Further, there will now be multiple checks from the site and CMO prior to submission of CALPADS reports.

**NAVIGATOR SCHOOLS**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.

# Navigator Schools Lottery Recruitment

Navigator Schools was founded to provide quality educational choices for the underserved students of the Central Coast and its earliest student demographics reflected that goal. However, as our popularity has grown, the demographics of students at both school sites has shifted and no longer adequately reflects the students intended to serve. Our priority is to return to our purpose by dramatically increasing the number of traditionally underserved students and families at our schools.

To address this trend, Navigator's goal is to increase the number of kinder applicants residing in traditionally underserved neighborhoods by 50%. The strategy proposed is outlined below with more specific details .

- Where: Traditionally underserved neighborhoods
  - Subsidized housing locations – operated by Eden Housing in both Gilroy & Hollister (formerly South County Housing)
    - homework assistance programs, reading nights
  - Specific neighborhoods – based on designated school and socioeconomic status
  - Kinder roundups
  - Churches
  - Non-profit service organizations
  - Grocery stores
  - Preschools –
    - Headstart locations
    - County or district operated
- What:
  - Information available – One-page simple message – (bilingual)
  - Open house/information nights onsite at locations
  - Door to door
  - iPads available at school events
  - Evening informational booths at grocery stores (iPads available for registration)
- Who:
  - Support office staff
  - Site leadership
  - Site officer managers
  - Parent volunteers
  - Site support staff
  - Teachers in Training, teachers
  - Staff will work in teams to include at least one bilingual staff member as well as a teacher or administrator who can answer questions if needed.



- When:
  - January- March - for lottery recruitment
  - Next steps:
    - Finalize research on 2016 lottery demographics (will present to board at December meeting)
    - Create detailed schedule of duties & responsible parties
    - Finalize flyer(s)
  - Longer term strategies to be implemented at school sites include, but are not limited to: bilingual coffees with the principal, ongoing relationship with Gavilan Early College Academy (GECA) for our middle school students

## Lottery recruitment – Gilroy Prep School

- Where:
  - South County Housing – homework assistance programs, reading nights, oesquivel@edenhousing.org
    - Connell Apartments – 7010 Princevalle Street
    - Monterra Village – 860-950 Mantelli Dr.
    - Monticelli Apartments – 841 Monticelli Dr.
    - The Redwoods Apartments – 9005 Kern Ave.
    - Sobrato Transitional Apartments – 9369 Monterey Rd.
  - Eliot:
    - San Ysidro Park Apartments
    - Streets - Forest, Alexander, Railroad, Chestnut, Lewis-10<sup>th</sup>
  - St. Joseph’s Family Center
  - Areteaga’s
  - St. Mary’s
  - Preschools –
    - Christopher Ranch Head Start
    - Rod Kelley, ADB, Glen View
    - One World
    - GUSD preschool – Swanston – January 18<sup>th</sup> - 5:30 – Parent Information night
- What:
  - Information available – bilingual
  - Open house/information nights
  - Door to door
  - Cocoa with Santa – December 14<sup>th</sup> - GPS
- Who:
  - James, Aimee, Crystal
  - Alex & Teresa
  - Kirsten, Paul, Melissa
  -
- When:
  - January- March

## Lottery recruitment – Hollister Prep School

- Where:
  - South County Housing –
    - oesquivel@edenhousing.org
  
  - R.O. Hardin Elementary School
  - Calaveras Elementary School
  - Sacred Heart (English & Spanish speaking services)
  - Saint Benedicts
  - Hollister Super Market
  - Preschools –
    - Go Kids
  
- What:
  - Information available – bilingual
  - Open house/information nights
  - Door to door
  
- Who:
  - Heather, Debbie, Victoria
  - Rita, Anna, Al
  - Kirsten, Melissa, Paul
  -
  
- When:
  - January- March

## Minutes (Draft)

### Governance Committee

Tuesday, November 15, 2016 12:00pm

Navigator Schools Support Office/Teleconference

275 IOOF Avenue, Gilroy, CA

**NOTE:** Times listed for Agenda Items are ***estimates only***. Actual times may vary substantially dependent on circumstances.

Time	Item
12:00	<p>A. <b>Opening/Objectives</b> Public Comment on items not covered on the agenda 12:06 meeting called to order – JP, Caitrin Staff: Kirsten, Kevin 12:38 Alicia joined meeting</p>
12:05	<p>B. <b>Board Composition</b> Understanding our needs for next board members: Assessment of current strengths &amp; gaps as a board. Caitrin reviewed BoardonTrack skills/board matrix</p> <p>Conversation ensued regarding the skills/needs of future board members. Who should we talk to as connectors? Where should our focus be? Non-profit/business leaders? Geographic areas? Current/future areas. Talk about sourcing. Asks? Key areas of need highlighted/agreed upon: facilities, legal, marketing/communication, living in the communities we serve or hope to serve. Want all board members to be first and foremost mission aligned. We may not more charter/school experience, but need business/nonprofit leaders from community.</p> <p>Next steps: Staff will create a GoogleDoc of board/staff interests and touch points which includes geographic location, legal expertise, background in development/real estate, facilities, non-profit experience. Staff will also pull together lists of key leaders (e.g. rotary club, chamber of commerce) in the communities we serve (Gilroy, Hollister, the counties)</p>
12:35	<p>C. <b>Visibility &amp; leadership in the community</b> What are the first key steps we can take to engage more authentically as a board with the community. Conversation included: How does the board increase visibility – Parent Club meetings, events? Possibly January/February. Combine with Strategic Planning work. Being present for school events, not just at board centered events. Importance of this being to both as a board better understand the community's needs and then also to ensure we are visible leaders within the community, being transparent about the board's role and the board's work.</p> <p>Next steps: Pick a time in the next few months to attend a parent club meeting, JP &amp; Kevin will do a little pre-work with parent clubs. (What are the roles of the board. What strategic issues are on the board's horizon., understanding what questions the parents may have) Staff will talk with James &amp; Heather to discover when is the time we have most Spanish speaking parents on campus? And if there isn't a time where we do, think about how we could better meet this communities needs</p>

- 12:55 D. Next steps  
Schedule next governance committee meeting. In that meeting likely start getting tactical about where we are recruiting potential board members, get names into google doc, and talk about the initial approach (so we aren't overpromising board seats, etc.)
- 1:00 E. Adjourn Meeting – 12:58



Date: December 8, 2016

To: Board of Directors

From: Kevin Sved, CEO

Re: Contracting Services of Andrew Bray to Complete Navigator Schools Strategic Plan

### **Recommendation**

It is recommended that the Board authorize the CEO to contract the services of Andrew Bray to complete a strategic plan for Navigator Schools.

### **Background**

Navigator Schools is in need of 3-5 year strategic plan. The CEO included completing a strategic planning process as a priority for 2016-17. After Board feedback, a more realistic timeline to complete this process is Fall 2017. Board Chair Caitrin Wright helped move the process forward by providing the CEO an initial set of questions to be analyzed during a strategic planning process. The CEO worked with staff to review and revise the questions. During the October 25, 2016 Board Meeting, the Navigator Schools Board of Directors reviewed, contributed to, and approved a set of questions to address as part of a strategic planning process. An agreed upon next step was to seek a highly qualified consultant to support a strategic planning process to complete a strategic plan in collaboration with the Navigator stakeholders. Two highly qualified consultants with significant experience supporting planning with charter management organizations were identified. The consultants engaged in preliminary conversations with Caitrin Wright and Kevin Sved and then more focused interviews. Proposals were submitted and analyzed, and references and prior clients were consulted. After careful consideration, it is recommended that the Board authorize the CEO to contract the services of Andrew Bray to complete a strategic plan for Navigator Schools.

Andrew Bray has extensive experience working with high-performing charter management organizations and has expertise in a wide range of areas including growth strategy, executive leadership, team building, organizational design, governance, and financial strategy. Recent clients include KIPP Colorado, Strive Prep, Rocky Mountain Prep, Roots Elementary, Prodeo Academy, Great Hearts, Denver Public Schools, EdFuel, Minnesota Comeback, Donnell-Kay Foundation, Charter School Growth Fund, J.A. & Kathryn Albertson Foundation, Kern Family Foundation, and Pacific Charter School Development. Prior to launching his consulting practice, Andrew was Partner & Chief Operating Officer at the Charter School Growth Fund, a venture philanthropy firm that has invested over \$250 million in high-performing charter management organizations seeking to scale in underserved communities.

### **Summary**

Navigator Schools is in need of 3-5 year strategic plan. It is recommended that the Board authorize the CEO to contract the services of Andrew Bray to complete a strategic plan for Navigator Schools.

Attachments: Proposal from Andrew Bray

To: Kevin Sved; Caitrin Wright  
Navigator Schools (“Navigator”)  
From: Andrew Bray (“Consultant”)  
Date: December 7, 2016  
Re: Strategic Planning Project Proposal

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### **Project Background**

To support its continued evolution, strong performance, and increased impact as an emerging network of charter schools, the Navigator leadership team and board of directors are interested in going through a strategic planning process. Navigator has requested that Consultant submit this proposal to support a strategic planning process during 2017, as outlined further below (the “Project”).

### **Consultant Key Activities**

Consultant will assist Navigator in developing a comprehensive strategic plan that will articulate Navigator’s vision and plans for growth and will serve as an effective tool for engaging and aligning internal and external stakeholders. To develop the strategic plan, Consultant will do the following:

- provide overall project management of the strategic planning process;
- lead the creation of strategic plan content in partnership with the Navigator team;
- work closely with the Navigator CEO, Kevin Sved, and other members of the leadership team as appropriate, as a thought partner and advisor on all aspects of strategic plan development;
- spend regular and extensive time with the Navigator CEO, and other members of the leadership team as appropriate, participate in weekly check-in meetings/calls, and visit Gilroy approximately five times;
- share relevant materials, best practices, and examples from high-performing CMOs across the country; and
- engage in all other activities as needed to accomplish the Project outcomes.

### **Navigator Key Activities**

Navigator will be the ultimate owner of the strategic plan. It’s critical that the strategic plan reflect Navigator’s unique values and voice, rather than Consultant’s. To develop the strategic plan, Navigator commits to do the following:

- Kevin Sved will drive the Project and be the primary point person for the Navigator team and need to spend approximately 20% of his time on the Project for its duration;
- the Navigator leadership team shall make adequate time to work on the Project and prioritize it as appropriate;
- the Navigator board of directors shall make time for strategic planning topics at its regularly scheduled meetings, with one or more board representatives participating in monthly strategic planning meetings with the Navigator leadership team and Consultant as needed; and

- Navigator shall do its best to respond in a timely fashion to any requests from Consultant, honor scheduled meetings and calls, and execute against any agreed upon deadlines to ensure rapid progress and high-quality work product.

### **Project Outcomes**

- Strategic Plan: The strategic plan will be in a concise and practical form (likely a PowerPoint deck) so that it can be well-utilized and updated easily over time. The plan will address the next five years. Though the content of the strategic plan will evolve as we engage in the planning process, it will likely include content in the following areas:
  - Vision, mission, and core values
  - Leadership team and board of directors
  - Growth plan
    - Impact statement
    - When, where, how many schools/students
    - Greenlighting process/criteria for growth
    - Market analysis
  - Articulation of the school model to be replicated
    - Performance to-date
    - Educational model and philosophy
    - Enrollment (grades, size at opening, etc.)
    - Assessment/performance management
    - Definitions of success
    - Organization chart year-by-year as schools reach full enrollment
  - Central office
    - Purpose and functions
    - “Tight” or “loose” approach to school management
    - Year-by-year organization chart
    - Management fee
    - Measures of success
  - Human capital
    - Recruitment and selection
    - Development
    - Retention
    - Compensation strategy
    - Leadership pipeline plans
  - Facilities
    - Needs assessment and strategy (district, lease, buy, etc.) (note that the strategic plan will not contain a detailed real estate market analysis)
    - Financial strategy, key assumptions, and estimated capital needs
  - Advocacy/politics/authorizing
  - Student recruitment/community engagement
  - Operations
    - IT and any other critical operational systems



- Governance/legal
  - Corporate/legal structure
  - Role of board now and during growth
- Financial plan (for next ~5 years)
  - Key assumptions (PPR, growth rates, facilities, reserve, etc.)
  - School unit, central office, and enterprise P&Ls
- Fundraising
  - Need by year
  - Strategy
  - Track record
- Risk factors and mitigants
- Annual milestones/measures of success
- Financial Model. Navigator has indicated that it already has a solid financial model. It is understood that Consultant will not be building an entirely new financial model as part of the Project but will help to refine and develop Navigator's existing model and ensure that it reflects smart and appropriate assumptions that reflect Navigator's chosen strategy over an approximately five-year timeframe.

### **Project Timeline**

The Project will commence, following the execution of a contract between Navigator and Consultant, in early January and will conclude when the strategic plan is completed, no later than September 30, 2017. Below is a high-level Project timeline (Consultant will create a more detailed project plan together with Navigator if the Project commences).

- **January-February: Building the Foundation**
  - Develop/revise vision, mission, core values, and impact statement as needed
  - Conduct SWOT analysis
  - Hold kick-off strategic planning meetings with leadership team (and board members as appropriate)
  - Explore possible strategic options for the future, including new opening new K-8 schools, launching a high school, district partnerships, and training other teachers/schools
- **March-April: Developing the plan**
  - Articulate "tight-loose" strategy and philosophy and how the central office relates to schools
  - Begin designing organizational structure/functions (central office, staffing, governance, etc.)
  - Begin work on all other areas of the plan (human capital, operations, authorizing, etc.)
  - Identify key financial drivers (especially relating to staffing and facilities)
  - Convene and gather input from key stakeholders (likely select staff, parents, students, community members, and board of directors at its March meeting) as appropriate
- **May-August: Fine Tuning**
  - Complete first draft of the strategic plan and financial model by the end of May

- Gather feedback from key stakeholders, including the board of directors at its June meeting and a strategic planning retreat session in July or August
- Work on content areas that require additional research and refinement
- Address any remaining questions, open issues, etc.
- **September: Completion**
  - Strategic plan is complete

*Please note that Consultant will be unavailable February 13-17 and March 27-31.*

### **Project Fee**

Consultant's fee for the Project is \$50,000. The fee will be paid, subject to Navigator's complete satisfaction with Consultant's work, as follows:

- \$15,000 on or around February 15, 2017
- \$15,000 on or around May 15, 2017,
- \$20,000 upon completion of the Project.

Consultant estimates travel expenses of approximately \$3,000, assuming five trips to Gilroy at approximately \$600 per trip.

### **Consultant Background**

Andrew Bray is an independent consultant providing strategic advisory services and executive coaching to entrepreneurs, mission-driven investors, and diverse organizations focused on education reform across the United States. He has extensive experience working with high-performing charter management organizations and has expertise in a wide range of areas including growth strategy, executive leadership, team building, organizational design, governance, and financial strategy. Recent clients include KIPP Colorado, Strive Prep, Rocky Mountain Prep, Roots Elementary, Prodeo Academy, Great Hearts, Denver Public Schools, EdFuel, Minnesota Comeback, Donnell-Kay Foundation, Charter School Growth Fund, J.A. & Kathryn Albertson Foundation, Kern Family Foundation, and Pacific Charter School Development.

Prior to launching his consulting practice, Andrew was Partner & Chief Operating Officer at the Charter School Growth Fund, a venture philanthropy firm that has invested over \$250 million in high-performing charter management organizations seeking to scale in underserved communities. In addition to serving on CSGF's leadership team and helping to drive its overall strategy and operations, Andrew led dozens of CMO engagements across the country (including with Rocketship, Uncommon Schools, Achievement First, Success Academies, DSST, Strive, Mastery, Brooke, and several KIPP regions), helping both early stage and more established CMOs to develop organizational capacity and implement ambitious growth strategies. Andrew also worked closely with CSGF's investors and board of directors.

Before joining CSGF in 2007, Andrew was a Vice President at Teach for America, where he led the New York City Growth Strategy & Development team during a period of rapid expansion. Andrew also has a background advising companies in capital markets and M&A transactions, developed while serving as an investment banker at Lehman Brothers and an attorney at Sullivan & Cromwell in New York City. Andrew holds a J.D. from the New York University School of Law and a B.A. from Macalester College.