



# Magnolia Public Schools

## Board Meeting

### Date and Time

Thursday December 10, 2015 at 6:00 PM PST

### Location

MSA-6 3754 Dunn Drive, Los Angeles, CA 90034 Teleconference Info: 1-844-572-5683 extension 1948435 Online/App <http://lifesizecloud.com/1948435>

Access to the Board Meeting: Any interested parties or community members from remote locations may attend the meeting at the following school sites or the addresses where the Board members are joining the meeting from:

- MSA-1 school site: 18238 Sherman Way, Reseda, CA, 91335
- MSA-6 school site: 3754 Dunn Dr., Los Angeles, CA, 90034
- 7220 Trade St. San Diego, CA 92121
- 449 36th Street #2 Brooklyn, NY 11232
  
- 1020 South Olive Street, 7th Floor Los Angeles, CA 90015
- 2451 Ridge Rd. Berkeley, CA 94709
- Remotely by dialing in to the numbers provided above

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in Board meetings are invited to contact the MPS central office. If you need special assistance to attend the meeting, please notify Barbara Torres at (714) 892-5066 x100 to make arrangements and accommodate your disability.

Any public records relating to an agenda item for an open session of the Board which are distributed to all, or a majority of all, of the Board members shall be available for public inspection at 13950 Milton Ave Ste 200 Westminster, CA 92683.

### Agenda

|                         | Purpose  | Presenter       | Duration |
|-------------------------|--|-----------------|----------|
| <b>I. Opening Items</b> |  |                 |          |
| <b>A.</b>               | Roll call and establishment of quorum                      |                 |          |
| <b>B.</b>               | Call the Meeting to Order                                  |                 |          |
| <b>C.</b>               | Approve Minutes of Regular Board Meeting November 12, 2015 | Approve Minutes |          |

Approve minutes for Board Meeting on November 12, 2015

**D. Flag Salute** Umit Yapanel 2 m

## II. Action Items

**A. Approval of 2014-15 Unaudited Financials** Vote Oswaldo Diaz 15 m

**B. Approval of 2014-15 Audited Financials** Vote Oswaldo Diaz 5 m

**C. Approval of 1st Interim Report FY 2015-16** Vote Oswaldo Diaz 20 m

**D. Approval of Search Engine Optimization and Reputation Enhancement Software Services** Vote Alfredo Rubalcava 5 m

**E. Approval of Magnolia Science Academy-4 Technology Plan** Vote Lisa Ross 5 m

**F. Approval of Magnolia Science Academy-3 Denial of Receiving IPADS from LAUSD** Vote Steven Keskinturk 5 m

**G. Approval of MSA-SA Fiscal Corrective Action Plan (FCAP)** Vote Laura Schlottman 5 m

## III. Information Items

**A. San Diego Governance Committee Report Regarding Facilities, Finance and Academic Updates** FYI Gokhan Serce 5 m

## IV. Closed Session

**A. Public Employment Performance Evaluation: Chief Executive Officer** Discuss Umit Yapanel 30 m

## V. Closing Items

**A. Adjourn Meeting** Vote

# Cover Sheet

## Approve Minutes of Regular Board Meeting November 12, 2015

**Section:** I. Opening Items  
**Item:** C. Approve Minutes of Regular Board Meeting November 12, 2015  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for Board Meeting on November 12, 2015



# Magnolia Public Schools

## Minutes

### Board Meeting

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#### **Date and Time**

Thursday November 12, 2015 at 5:00 PM

#### **Location**

MSA-1 18238 Sherman Way, Reseda, CA 91335

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#### **Board Members Present**

A. Korkmaz (remote), D. Gonzalez (remote), M. Kaynak (remote), N. Huynh (remote), N. Russell-Unterburger (remote), R. Oten, S. Orazov, S. Sherkhanov, U. Yapanel

#### **Board Members Absent**

#### **Guests Present**

A. Gokce (remote), A. Rubalcava (remote), B. Torres (remote), C. Young (remote), F. Gonzalez (remote), J. Hernandez, K. Hourigan (remote), L. Schlottman, M. Crumpton (remote), O. Diaz (remote), T. Oz (remote)

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### **I. Opening Items**

#### **A.Call the Meeting to Order**

U. Yapanel called a meeting of the board of directors of Magnolia Public Schools to order on Thursday Nov 12, 2015 @ 5:57 PM at MSA-1 18238 Sherman Way, Reseda, CA 91335.

#### **B.Flag Salute**

The Flag Salute was led by C. Young.

#### **C.Record Attendance and Guests**

### **D.Approval of the Agenda**

U. Yapanel made a motion to approve the agenda as presented.  
S. Orazov seconded the motion.  
The board **VOTED** unanimously to approve the motion.

### **E.Oral Communications**

A. Rubalcava presented C. Young with the certificate from Councilmember Bob Blumenfield in recognition of receiving the Distinguished Educator Award from the Charter College of Education.

### **F.Public Comment**

There were no public comments.

### **G.Approve Minutes**

U. Yapanel made a motion to approve minutes from the Board Meeting on 10-08-15.  
S. Sherkhanov seconded the motion.  
The board **VOTED** unanimously to approve the motion.

## **II. Presentation Items**

### **A.Presentation of the 2015 Gelb Family Scholarship Award to Alejandro Quezada, MSA-1**

A. Rubalcava presented a certificate of recognition to Alejandro Quezada for obtaining the 2015 GELB Family Scholarship Award.

## **III. Action Items**

### **A.Approval of MSA-SC Revised School Safety Plan**

U. Yapanel made a motion to approve the MSA- Santa Clara Revised School Safety Plan.  
S. Orazov seconded the motion.  
The board **VOTED** unanimously to approve the motion.  
K. Hourigan, Director of Student Services, explained that the changes made to the school safety plan were based on the changes of the MSA-Santa Clara facility. She addressed all board member questions.

### **B.Approval of Revised Budget and Required Ongoing Contracts**

Mr. Diaz told the Board that he had presented the revised budget to the Finance Committee. He explained that revenue had decreased due to enrollment numbers. Dr. Young explained that the on going contracts that are presented in this budget are within the budget, some contracts are allocated to the schools budgets such as legal fees. She also gave detail on the current and new positions listed in the budget. Mr. Diaz explained the budget of the schools who have had financial hardship. Mr. Diaz and Dr. Young addressed all Board member questions. The Finance Committee recommended approval of the budget and on going contracts.  
S. Orazov made a motion to approve the revised budget and required ongoing contracts.  
R. Oten seconded the motion.  
The board **VOTED** to approve the motion.

### **Roll Call**

|                                    |         |
|------------------------------------|---------|
| U. Yapanel                         | Aye     |
| S. Sherkhanov                      | Abstain |
| R. Oten                            | Aye     |
| A. Korkmaz                         | Aye     |
| M. Kaynak                          | Aye     |
| S. Orazov                          | Aye     |
| N. Russell-Unterburger             | Absent  |
| N. Huynh                           | Absent  |
| D. Gonzalez                        | Aye     |
| N. Russell-Unterburger left early. |         |

### **C.Approval of Changes in Financial Policies**

O. Diaz explained to the Board that the changes in Financial Policies were presented to the Finance Committee. Changes requested by the Finance Committee were incorporated in this item for board approval, these changes were explained to the Board. S. Orazov reported out on this item based on the feedback from the Finance Committee from which he is part of.

S. Orazov made a motion to approve the changes in financial policies.

U. Yapanel seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **D.Approval of Human Resource Information System Purchase**

T. Boatman, Director of Human Resource, explained to the board that Magnolia staff has been doing studies to insure that all human resource data is in compliance. The human resource information system being presented will support and assist the Human Resource department by insuring and keeping track of all files that need to be in compliance. An RFP has been done for this item. She explained the benefits of this stream lined process and the risks of continuing the current process. O. Diaz explained the budget implications of acquiring the system and him and T. Boatman addressed all Board members questions.

R. Oten made a motion to approve the human resource information system.

S. Sherkhanov seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **E.Approval of MSA- Santa Ana Gym Building Planning**

F. Gonzalez, Chief Growth Officer, explained the Gym project for MSA- Santa Ana. He explained the grant amount and the money that the project will be receiving. He explained where Magnolia stood in the previous authorization of the construction and he explained the current situation. He also explained the loan and its' repayment plan. Mr. Diaz agreed that this loan would repayable based on the budget situation of the school. F Gonzalez addressed all Board member questions.

U. Yapanel made a motion to approve the MSA- Santa Ana Gym Building Planning and authorize CEO and CGO to move forward with the bidding process.

S. Orazov seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **F.Magnolia Properties Management, Inc. Board Appointments**

C. Young explained that Magnolia Properties Management, Inc. (MPM) does the financing for MSA-1. The board of Magnolia has the obligation to appoint 3 members for this committee. C. Young gave a brief background on each of the three committee member candidates. She explained that the main responsibility of this committee is to look out for the best interest of the school and the committee also approves the annual audit for MSA-1. C. Young addressed all Board members' questions.

U. Yapanel made a motion to approve the Magnolia Properties Management, Inc. board appointments.

R. Oten seconded the motion.

The board **VOTED** to approve the motion.

### **G.Approval of Performance Cycle Process**

T. Boatman explained the Performance Cycle Process to the Board. She explained that this would be a 360 evaluation and that this approval approves the cycle of the performance process not the format. The current practice and new practice of evaluating performance were explained. T. Boatman addresses all Board member questions.

U. Yapanel made a motion to approve the Performance Cycle Process.

R. Oten seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **H.Approval of Board Resolutions for New Charter Petitions**

A. Gokce, Chief of Staff explained that Magnolia has received multiple requests about expansion. He gave brief background information on past and current growth plans and the pros of growing for a Charter schools. He explained the pressing deadlines for these charter petitions, the funds that could be received, and the cons of not opening schools now. C. Young explained the structure and benefits of opening schools in cohort and how the regional directors would support this growth. A. Gokce went over the details of each resolution and petition. He explained that Magnolia could get the district approval and open within 3 yrs. C. Young explained what has been done at the Magnolia home office to be able to support this growth. She gave the reasoning behind opening in these areas and she explained the process of charter approvals. The Board discussed the need of a Growth Committee to support the growth of these new charters.

A. Korkmaz made a motion to approve the board resolutions for new charter petitions.

R. Oten seconded the motion.

The board **VOTED** unanimously to approve the motion.

## **IV. Information/Discussion Items**

### **A.Quarterly Report of Media Coverage from Larson Communications**

A written report of the item was given to the Board, there was no discussion on this item.

### **B.Partnership for Success Timeline (PFST) Program and Outreach Update**

A written report of the item was given to the Board, there was no discussion on this item.

## **V. Written Reports**

### **A.Monthly Academic Report**

M. Crumpton, Chief Academic Officer, explained the NWEA data. She explained the IT related issues that affected some of the test scores and she mention that in Spring Magnolia will have more aligned data. She also explained that Magnolia did not have Common Core material in the past. M. Crumpton explained that the longer students are with Magnolia the better they perform. C. Young explained that the schools that had summer school had less drop offs on the score data. S. Acar, Magnolia Principal, explained some of the data and performance compared

to other schools. M. Crumpton and the academic team addressed all Board member questions. This was an information item and no actions were taken.

**B.Review of Quarterly Financial Statement**

A written report of the item was given to the Board, there was no discussion on this item.

**C.Monthly Facilities Report**

A written report of the item was given to the Board, there was no discussion on this item.

**VI. Closing Items**

**A.Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:45 PM.

Respectfully Submitted,  
U. Yapanel



# Cover Sheet

## Approval of 2014-15 Unaudited Financials

**Section:** II. Action Items  
**Item:** A. Approval of 2014-15 Unaudited Financials  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II A 2014-15 Unaudited Financials Final.pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

|                     |  |
|---------------------|--|
| Board Agenda Item # | II A   |
| Date:               | 12.10.2015   |
| To:                 | Magnolia Board of Directors                                    |
| From:               | Caprice Young, Ed.D., Chief Executive Officer & Superintendent |
| Staff Lead:         | Oswaldo Diaz, Chief Financial Officer                          |
| RE:                 | 2014-15 Unaudited Financial Reports                            |

### Proposed Board Recommendation

Action Item. I move that the Board approves the 2014-15 unaudited actuals as presented in the board agenda, item II.A.

### Background

The Unaudited Actuals report is part of an ongoing series of state-required reports for the 2014-15 fiscal year. Pursuant to Education Code Section 42100 and by Education Code Section 1628, Charter schools must submit the completed unaudited actuals forms to their authorizing agencies by September 15, 2015. The authorizing agencies will submit the forms to their county offices of education, who will in turn submit the forms to the California Department of Education by October 15, 2015.

Unaudited Actuals are based on the preliminary year-end close and will be revised to include accrual adjustments and final audit adjustments.

### Revenues

The major source of revenue to Magnolia Public Schools (MPS) is the Local Control Funding Formula (LCFF) apportionment calculated on a base revenue formula per unit of Average Daily Attendance (ADA). These unrestricted revenues are based upon each school's ADA multiplied by the LCFF applicable to each of the schools.

Consolidated revenue increased 3.59% from \$32.3 million for FY 2013-14 to \$33.4 million for FY 2014-15. The revenue increase is primarily due to the increase in the 2014-15 LCFF Gap Funding percentage. Consolidated revenue increased 1.0% or \$330,000 compared to budget projections, mainly due to a slight overall increase in principal apportionments and federal revenues.

### Expense Variances between Budget and Unaudited Actuals

Total consolidated expenses increased 0.82% or \$265,000 compared to budget projections. Expense increase is primarily due to an increase in Service and Other Operating Services due to



# MAGNOLIA PUBLIC SCHOOLS

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higher than anticipated legal and consulting costs resulting from the litigation with LAUSD and a one-time indirect cost allocation. The overall consolidated expense increase in budget was offset by lower Salaries and Benefits and Books & Supplies.

## Year Over Year Expenditure Variances

Total salaries and benefits of \$17.7 million represent 55.67% of total consolidated expenses. The year-over-year increase of salaries and benefits totaling \$742,000 is primarily due to a 7.88% increase of certificated salaries and benefits compared to the previous FY 2013-14. The salaries and benefits increase is due in part to additional hiring of certificated teachers and school staff.

Services and Other Operating Expenses increased from \$7.24 million in FY 2013-14 to \$11.36 million in FY 2014-15. This increase is primarily due to a one time board approved CMO fee allocation totaling \$1.35 million. The purpose of the one-time indirect cost distribution was to allocate the deficit that had been accumulated over several years relating to un-allocated startup costs, waiving the CMO fees to schools that needed to build reserves, and increases in unrestricted operational costs. In addition, Services and Other Operating Expenses increased due to unanticipated legal and consulting fees totaling approximately \$0.8 million resulting from the litigation with LAUSD. Lastly, Services and Other Operating Expenses increased year over year due to school operating expenses based on the particular needs of each school.

## Budget Implications

None

## Attachments

2014-15 Unaudited Actuals Report

Name of Staff Originator: Oswaldo Diaz, Chief Financial Officer



## UNAUDITED ACTUALS REPORT

July 1, 2014 - June 30, 2015

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*Prepared by:*

**Oswaldo Diaz**

*Chief Financial Officer*

*and*

**Brock Atar**

*Senior Financial Analyst*

**Terrence Lee**

*Senior Financial Analyst*

**Cafer Turan**

*Senior Financial Analyst*

**MAGNOLIA PUBLIC SCHOOLS**  
**Unaudited Consolidated Statement of Activities**

|                                | Twelve Months Ended June 30 |                     | Variance                    | %              |
|--------------------------------|-----------------------------|---------------------|-----------------------------|----------------|
|                                | 2015                        | 2014                |                             |                |
| <b>Ordinary Income/Expense</b> |                             |                     |                             |                |
| <b>Income</b>                  |                             |                     |                             |                |
| <b>8000 REVENUES</b>           |                             |                     |                             |                |
| State Support                  | \$30,316,795                | \$28,067,250        | \$2,249,545                 | 8.01%          |
| Federal Support                | \$2,573,424                 | \$2,330,913         | \$242,511                   | 10.40%         |
| Local Support                  | \$567,357                   | \$1,900,516         | ( <b>\$1,333,159</b> )      | -70.15%        |
| <b>Total Income</b>            | <b>\$33,457,575</b>         | <b>\$32,298,679</b> | <b>\$1,158,896</b>          | <b>3.59%</b>   |
| <b>Expense</b>                 |                             |                     |                             |                |
| <b>EXPENDITURES</b>            |                             |                     |                             |                |
| Certificated Salaries          | \$12,388,129                | \$11,482,825        | \$905,304                   | 7.88%          |
| Classified Salaries            | \$1,796,893                 | \$2,145,788         | ( <b>\$348,895</b> )        | -16.26%        |
| Employee Benefits              | \$3,543,871                 | \$3,358,116         | \$185,755                   | 5.53%          |
| Books & Supplies               | \$2,536,064                 | \$2,473,016         | \$63,048                    | 2.55%          |
| Services, Other Operating Exp  | \$11,958,771                | \$7,237,337         | \$4,721,434                 | 65.24%         |
| Capital Outlay                 | \$203,381                   | \$329,875           | ( <b>\$126,494</b> )        | -38.35%        |
| <b>Total Expense</b>           | <b>\$32,427,109</b>         | <b>\$27,026,957</b> | <b>\$5,400,152</b>          | <b>19.98%</b>  |
| <b>Net Income</b>              | <b>\$1,030,467</b>          | <b>\$5,271,722</b>  | <b>(<b>\$4,241,255</b>)</b> | <b>-80.45%</b> |

**MAGNOLIA PUBLIC SCHOOLS**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense            | Actuals             | Budget              | Variance             | %            |
|------------------------------------|---------------------|---------------------|----------------------|--------------|
| <b>Income</b>                      |                     |                     |                      |              |
| <b>8000 REVENUES</b>               |                     |                     |                      |              |
| 1 Principal Apportionment          | \$26,644,737        | \$26,302,154        | \$342,583            | 1.30%        |
| 2 Federal Revenues                 | \$2,573,424         | \$2,459,557         | \$113,867            | 4.63%        |
| 3 Other State Revenue              | \$3,672,058         | \$3,666,464         | \$5,594              | 0.15%        |
| 4 Local Revenue                    | \$567,357           | \$699,478           | ( <b>\$132,121</b> ) | -18.89%      |
| <b>Total Income</b>                | <b>\$33,457,575</b> | <b>\$33,127,653</b> | <b>\$329,923</b>     | <b>1.00%</b> |
| <b>Expense</b>                     |                     |                     |                      |              |
| <b>EXPENDITURES</b>                |                     |                     |                      |              |
| 1000 Certificated Salaries         | \$12,388,129        | \$12,578,459        | ( <b>\$190,330</b> ) | -1.51%       |
| 2000 Classified Salaries           | \$1,796,893         | \$1,701,419         | \$95,474             | 5.61%        |
| 3000 Employee Benefits             | \$3,543,871         | \$3,908,006         | ( <b>\$364,135</b> ) | -9.32%       |
| 4000 Books & Supplies              | \$2,536,064         | \$2,923,258         | ( <b>\$387,194</b> ) | -13.25%      |
| 5000 Services, Other Operating Exp | \$11,958,771        | \$10,796,540        | \$1,162,230          | 10.76%       |
| 6000 Capital Outlay                | \$203,381           | \$254,644           | ( <b>\$51,263</b> )  | -20.13%      |
| <b>Total Expense</b>               | <b>\$32,427,109</b> | <b>\$32,162,326</b> | <b>\$264,783</b>     | <b>0.82%</b> |
| <b>Net Income</b>                  | <b>\$1,030,467</b>  | <b>\$965,327</b>    | <b>\$65,140</b>      | <b>6.75%</b> |

**MAGNOLIA SCIENCE ACADEMY - 1**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %               |
|------------------------------------|--------------------|--------------------|--------------------|-----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                 |
| 1 Principal Apportionment          | \$4,122,660        | \$4,073,485        | \$49,175           | 1.21%           |
| 2 Federal Revenues                 | \$510,646          | \$663,056          | (\$152,409)        | -22.99%         |
| 3 Other State Revenue              | \$588,724          | \$568,169          | \$20,555           | 3.62%           |
| 4 Local Revenue                    | \$73,556           | \$75,000           | (\$1,444)          | -1.93%          |
| <b>Total Income</b>                | <b>\$5,295,587</b> | <b>\$5,379,710</b> | <b>(\$84,123)</b>  | <b>-1.56%</b>   |
| <b>Expense</b>                     |                    |                    |                    |                 |
| <b>EXPENDITURES</b>                |                    |                    |                    |                 |
| 1000 Certificated Salaries         | \$1,834,566        | \$1,783,930        | \$50,636           | 2.84%           |
| 2000 Classified Salaries           | \$493,599          | \$359,250          | \$134,349          | 37.40%          |
| 3000 Employee Benefits             | \$506,437          | \$562,821          | (\$56,384)         | -10.02%         |
| 4000 Books & Supplies              | \$465,092          | \$635,557          | (\$170,465)        | -26.82%         |
| 5000 Services, Other Operating Exp | \$2,092,188        | \$1,723,717        | \$368,471          | 21.38%          |
| 6000 Capital Outlay                | \$26,486           | \$20,000           | \$6,486            | 32.43%          |
| <b>Total Expense</b>               | <b>\$5,418,368</b> | <b>\$5,085,275</b> | <b>\$333,093</b>   | <b>6.55%</b>    |
| <b>Net Income</b>                  | <b>(\$122,781)</b> | <b>\$294,435</b>   | <b>(\$417,216)</b> | <b>-141.70%</b> |

**MAGNOLIA SCIENCE ACADEMY - 2**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance          | %              |
|------------------------------------|--------------------|--------------------|-------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                   |                |
| 1 Principal Apportionment          | \$3,336,116        | \$3,264,887        | \$71,229          | 2.18%          |
| 2 Federal Revenues                 | \$228,498          | \$225,983          | \$2,515           | 1.11%          |
| 3 Other State Revenue              | \$381,971          | \$389,726          | (\$7,755)         | -1.99%         |
| 4 Local Revenue                    | \$53,781           | \$87,000           | (\$33,219)        | -38.18%        |
| <b>Total Income</b>                | <b>\$4,000,366</b> | <b>\$3,967,596</b> | <b>\$32,770</b>   | <b>0.83%</b>   |
| <b>Expense</b>                     |                    |                    |                   |                |
| <b>EXPENDITURES</b>                |                    |                    |                   |                |
| 1000 Certificated Salaries         | \$1,562,748        | \$1,679,402        | (\$116,654)       | -6.95%         |
| 2000 Classified Salaries           | \$104,174          | \$72,750           | \$31,424          | 43.19%         |
| 3000 Employee Benefits             | \$462,356          | \$532,957          | (\$70,601)        | -13.25%        |
| 4000 Books & Supplies              | \$233,163          | \$233,183          | (\$20)            | -0.01%         |
| 5000 Services, Other Operating Exp | \$1,463,061        | \$1,207,598        | \$255,463         | 21.15%         |
| 6000 Capital Outlay                | \$26,572           | \$26,491           | \$81              | 0.31%          |
| <b>Total Expense</b>               | <b>\$3,852,074</b> | <b>\$3,752,381</b> | <b>\$99,694</b>   | <b>2.66%</b>   |
| <b>Net Income</b>                  | <b>\$148,292</b>   | <b>\$215,215</b>   | <b>(\$66,923)</b> | <b>-31.10%</b> |



**MAGNOLIA SCIENCE ACADEMY - 3**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %               |
|------------------------------------|--------------------|--------------------|--------------------|-----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                 |
| 1 Principal Apportionment          | \$3,404,296        | \$3,418,522        | (\$14,226)         | -0.42%          |
| 2 Federal Revenues                 | \$365,375          | \$545,870          | (\$180,495)        | -33.07%         |
| 3 Other State Revenue              | \$438,986          | \$485,291          | (\$46,305)         | -9.54%          |
| 4 Local Revenue                    | \$2,641            | \$60,000           | (\$57,359)         | -95.60%         |
| <b>Total Income</b>                | <b>\$4,211,298</b> | <b>\$4,509,683</b> | <b>(\$298,385)</b> | <b>-6.62%</b>   |
| <b>Expense</b>                     |                    |                    |                    |                 |
| <b>EXPENDITURES</b>                |                    |                    |                    |                 |
| 1000 Certificated Salaries         | \$1,562,628        | \$1,583,509        | (\$20,881)         | -1.32%          |
| 2000 Classified Salaries           | \$205,748          | \$269,593          | (\$63,845)         | -23.68%         |
| 3000 Employee Benefits             | \$357,509          | \$491,277          | (\$133,768)        | -27.23%         |
| 4000 Books & Supplies              | \$521,768          | \$534,034          | (\$12,266)         | -2.30%          |
| 5000 Services, Other Operating Exp | \$1,715,749        | \$1,165,421        | \$550,329          | 47.22%          |
| 6000 Capital Outlay                | \$27,500           | \$20,000           | \$7,500            | 37.50%          |
| <b>Total Expense</b>               | <b>\$4,390,902</b> | <b>\$4,063,834</b> | <b>\$327,069</b>   | <b>8.05%</b>    |
| <b>Net Income</b>                  | <b>(\$179,605)</b> | <b>\$445,849</b>   | <b>(\$625,454)</b> | <b>-140.28%</b> |

**MAGNOLIA SCIENCE ACADEMY - 4**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %               |
|------------------------------------|--------------------|--------------------|--------------------|-----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                 |
| 1 Principal Apportionment          | \$1,701,297        | \$1,674,360        | \$26,937           | 1.61%           |
| 2 Federal Revenues                 | \$138,951          | \$140,535          | (\$1,584)          | -1.13%          |
| 3 Other State Revenue              | \$176,640          | \$168,827          | \$7,813            | 4.63%           |
| 4 Local Revenue                    | \$62,141           | \$25,088           | \$37,053           | 147.69%         |
| <b>Total Income</b>                | <b>\$2,079,029</b> | <b>\$2,008,810</b> | <b>\$70,219</b>    | <b>3.50%</b>    |
| <b>Expense</b>                     |                    |                    |                    |                 |
| <b>EXPENDITURES</b>                |                    |                    |                    |                 |
| 1000 Certificated Salaries         | \$719,722          | \$743,309          | (\$23,587)         | -3.17%          |
| 2000 Classified Salaries           | \$31,763           | \$36,256           | (\$4,493)          | -12.39%         |
| 3000 Employee Benefits             | \$198,707          | \$211,984          | (\$13,277)         | -6.26%          |
| 4000 Books & Supplies              | \$128,009          | \$194,311          | (\$66,302)         | -34.12%         |
| 5000 Services, Other Operating Exp | \$730,984          | \$805,308          | (\$74,324)         | -9.23%          |
| 6000 Capital Outlay                | \$6,284            | \$10,192           | (\$3,908)          | -38.34%         |
| <b>Total Expense</b>               | <b>\$1,815,469</b> | <b>\$2,001,361</b> | <b>(\$185,891)</b> | <b>-9.29%</b>   |
| <b>Net Income</b>                  | <b>\$263,559</b>   | <b>\$7,449</b>     | <b>\$256,110</b>   | <b>3438.10%</b> |

**MAGNOLIA SCIENCE ACADEMY - 5**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %              |
|------------------------------------|--------------------|--------------------|--------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                |
| 1 Principal Apportionment          | \$780,024          | \$783,896          | (\$3,872)          | -0.49%         |
| 2 Federal Revenues                 | \$78,761           | \$59,061           | \$19,700           | 33.35%         |
| 3 Other State Revenue              | \$143,106          | \$116,811          | \$26,295           | 22.51%         |
| 4 Local Revenue                    | \$17,933           | \$15,588           | \$2,345            | 15.04%         |
| <b>Total Income</b>                | <b>\$1,019,824</b> | <b>\$975,356</b>   | <b>\$44,468</b>    | <b>4.56%</b>   |
| <b>Expense</b>                     |                    |                    |                    |                |
| <b>EXPENDITURES</b>                |                    |                    |                    |                |
| 1000 Certificated Salaries         | \$400,508          | \$391,772          | \$8,736            | 2.23%          |
| 2000 Classified Salaries           | \$58,596           | \$55,504           | \$3,092            | 5.57%          |
| 3000 Employee Benefits             | \$123,011          | \$137,970          | (\$14,959)         | -10.84%        |
| 4000 Books & Supplies              | \$36,655           | \$54,900           | (\$18,245)         | -33.23%        |
| 5000 Services, Other Operating Exp | \$392,704          | \$509,746          | (\$117,041)        | -22.96%        |
| 6000 Capital Outlay                | \$7,232            | \$15,000           | (\$7,768)          | -51.79%        |
| <b>Total Expense</b>               | <b>\$1,018,706</b> | <b>\$1,164,892</b> | <b>(\$146,186)</b> | <b>-12.55%</b> |
| <b>Net Income</b>                  | <b>\$1,118</b>     | <b>(\$189,536)</b> | <b>\$190,653</b>   | <b>100.59%</b> |

**MAGNOLIA SCIENCE ACADEMY - 6**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %              |
|------------------------------------|--------------------|--------------------|--------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                |
| 1 Principal Apportionment          | \$1,155,329        | \$1,087,860        | \$67,469           | 6.20%          |
| 2 Federal Revenues                 | \$104,470          | \$94,358           | \$10,112           | 10.72%         |
| 3 Other State Revenue              | \$203,448          | \$194,941          | \$8,508            | 4.36%          |
| 4 Local Revenue                    | \$30,257           | \$19,502           | \$10,755           | 55.15%         |
| <b>Total Income</b>                | <b>\$1,493,504</b> | <b>\$1,396,661</b> | <b>\$96,843</b>    | <b>6.93%</b>   |
| <b>Expense</b>                     |                    |                    |                    |                |
| <b>EXPENDITURES</b>                |                    |                    |                    |                |
| 1000 Certificated Salaries         | \$454,676          | \$461,992          | (\$7,316)          | -1.58%         |
| 2000 Classified Salaries           | \$53,851           | \$52,350           | \$1,501            | 2.87%          |
| 3000 Employee Benefits             | \$149,574          | \$150,774          | (\$1,200)          | -0.80%         |
| 4000 Books & Supplies              | \$76,722           | \$82,141           | (\$5,419)          | -6.60%         |
| 5000 Services, Other Operating Exp | \$329,245          | \$495,369          | (\$166,124)        | -33.54%        |
| 6000 Capital Outlay                | \$8,461            | \$8,461            | \$0                | 0.00%          |
| <b>Total Expense</b>               | <b>\$1,072,529</b> | <b>\$1,251,087</b> | <b>(\$178,558)</b> | <b>-14.27%</b> |
| <b>Net Income</b>                  | <b>\$420,975</b>   | <b>\$145,573</b>   | <b>\$275,401</b>   | <b>189.18%</b> |

**MAGNOLIA SCIENCE ACADEMY - 7**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %              |
|------------------------------------|--------------------|--------------------|--------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                |
| 1 Principal Apportionment          | \$2,049,711        | \$2,142,066        | (\$92,355)         | -4.31%         |
| 2 Federal Revenues                 | \$246,531          | \$234,528          | \$12,003           | 5.12%          |
| 3 Other State Revenue              | \$587,056          | \$592,014          | (\$4,958)          | -0.84%         |
| 4 Local Revenue                    | \$60,292           | \$78,000           | (\$17,708)         | -22.70%        |
| <b>Total Income</b>                | <b>\$2,943,589</b> | <b>\$3,046,607</b> | <b>(\$103,018)</b> | <b>-3.38%</b>  |
| <b>Expense</b>                     |                    |                    |                    |                |
| <b>EXPENDITURES</b>                |                    |                    |                    |                |
| 1000 Certificated Salaries         | \$736,143          | \$768,733          | (\$32,590)         | -4.24%         |
| 2000 Classified Salaries           | \$295,856          | \$352,350          | (\$56,494)         | -16.03%        |
| 3000 Employee Benefits             | \$251,582          | \$284,889          | (\$33,307)         | -11.69%        |
| 4000 Books & Supplies              | \$285,181          | \$247,174          | \$38,007           | 15.38%         |
| 5000 Services, Other Operating Exp | \$1,197,716        | \$976,157          | \$221,558          | 22.70%         |
| 6000 Capital Outlay                | \$13,600           | \$41,000           | (\$27,400)         | -66.83%        |
| <b>Total Expense</b>               | <b>\$2,780,078</b> | <b>\$2,670,303</b> | <b>\$109,774</b>   | <b>4.11%</b>   |
| <b>Net Income</b>                  | <b>\$163,511</b>   | <b>\$376,304</b>   | <b>(\$212,792)</b> | <b>-56.55%</b> |

**MAGNOLIA SCIENCE ACADEMY - 8**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance          | %              |
|------------------------------------|--------------------|--------------------|-------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                   |                |
| 1 Principal Apportionment          | \$3,611,558        | \$3,493,326        | \$118,232         | 3.38%          |
| 2 Federal Revenues                 | \$306,665          | \$303,482          | \$3,183           | 1.05%          |
| 3 Other State Revenue              | \$557,626          | \$595,731          | (\$38,104)        | -6.40%         |
| 4 Local Revenue                    | \$60,208           | \$50,000           | \$10,208          | 20.42%         |
| <b>Total Income</b>                | <b>\$4,536,057</b> | <b>\$4,442,539</b> | <b>\$93,518</b>   | <b>2.11%</b>   |
| <b>Expense</b>                     |                    |                    |                   |                |
| <b>EXPENDITURES</b>                |                    |                    |                   |                |
| 1000 Certificated Salaries         | \$1,705,076        | \$1,766,875        | (\$61,799)        | -3.50%         |
| 2000 Classified Salaries           | \$213,584          | \$201,570          | \$12,014          | 5.96%          |
| 3000 Employee Benefits             | \$514,219          | \$530,195          | (\$15,976)        | -3.01%         |
| 4000 Books & Supplies              | \$430,702          | \$484,351          | (\$53,649)        | -11.08%        |
| 5000 Services, Other Operating Exp | \$1,657,113        | \$1,419,868        | \$237,245         | 16.71%         |
| 6000 Capital Outlay                | \$6,354            | \$10,000           | (\$3,646)         | -36.46%        |
| <b>Total Expense</b>               | <b>\$4,527,048</b> | <b>\$4,412,859</b> | <b>\$114,189</b>  | <b>2.59%</b>   |
| <b>Net Income</b>                  | <b>\$9,009</b>     | <b>\$29,680</b>    | <b>(\$20,671)</b> | <b>-69.65%</b> |

**MAGNOLIA SCIENCE ACADEMY - SA**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance         | %              |
|------------------------------------|--------------------|--------------------|------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                  |                |
| 1 Principal Apportionment          | \$1,155,757        | \$912,643          | \$243,114        | 26.64%         |
| 2 Federal Revenues                 | \$443,864          | \$42,897           | \$400,967        | 934.71%        |
| 3 Other State Revenue              | \$176,590          | \$205,621          | (\$29,031)       | -14.12%        |
| 4 Local Revenue                    | \$29,745           | \$68,300           | (\$38,555)       | -56.45%        |
| <b>Total Income</b>                | <b>\$1,805,956</b> | <b>\$1,229,461</b> | <b>\$576,495</b> | <b>46.89%</b>  |
| <b>Expense</b>                     |                    |                    |                  |                |
| <b>EXPENDITURES</b>                |                    |                    |                  |                |
| 1000 Certificated Salaries         | \$718,744          | \$657,484          | \$61,260         | 9.32%          |
| 2000 Classified Salaries           | \$52,285           | \$42,496           | \$9,789          | 23.04%         |
| 3000 Employee Benefits             | \$163,502          | \$157,620          | \$5,882          | 3.73%          |
| 4000 Books & Supplies              | \$109,178          | \$124,850          | (\$15,672)       | -12.55%        |
| 5000 Services, Other Operating Exp | \$687,978          | \$710,331          | (\$22,353)       | -3.15%         |
| 6000 Capital Outlay                | \$24,892           | \$18,500           | \$6,392          | 34.55%         |
| <b>Total Expense</b>               | <b>\$1,756,579</b> | <b>\$1,711,281</b> | <b>\$45,298</b>  | <b>2.65%</b>   |
| <b>Net Income</b>                  | <b>\$49,377</b>    | <b>(\$481,820)</b> | <b>\$531,197</b> | <b>110.25%</b> |

**MAGNOLIA SCIENCE ACADEMY - SC**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance           | %              |
|------------------------------------|--------------------|--------------------|--------------------|----------------|
| <b>8000 REVENUES</b>               |                    |                    |                    |                |
| 1 Principal Apportionment          | \$3,084,298        | \$3,145,558        | (\$61,260)         | -1.95%         |
| 2 Federal Revenues                 | \$55,081           | \$63,924           | (\$8,843)          | -13.83%        |
| 3 Other State Revenue              | \$115,052          | \$110,206          | \$4,846            | 4.40%          |
| 4 Local Revenue                    | \$76,909           | \$94,000           | (\$17,091)         | -18.18%        |
| <b>Total Income</b>                | <b>\$3,331,340</b> | <b>\$3,413,688</b> | <b>(\$82,348)</b>  | <b>-2.41%</b>  |
| <b>Expense</b>                     |                    |                    |                    |                |
| <b>EXPENDITURES</b>                |                    |                    |                    |                |
| 1000 Certificated Salaries         | \$1,468,789        | \$1,470,128        | (\$1,339)          | -0.09%         |
| 2000 Classified Salaries           | \$143,594          | \$163,982          | (\$20,388)         | -12.43%        |
| 3000 Employee Benefits             | \$429,557          | \$467,866          | (\$38,309)         | -8.19%         |
| 4000 Books & Supplies              | \$102,373          | \$138,941          | (\$36,568)         | -26.32%        |
| 5000 Services, Other Operating Exp | \$1,044,006        | \$1,133,498        | (\$89,492)         | -7.90%         |
| 6000 Capital Outlay                | \$36,000           | \$25,000           | \$11,000           | 44.00%         |
| <b>Total Expense</b>               | <b>\$3,224,319</b> | <b>\$3,399,415</b> | <b>(\$175,096)</b> | <b>-5.15%</b>  |
| <b>Net Income</b>                  | <b>\$107,021</b>   | <b>\$14,273</b>    | <b>\$92,748</b>    | <b>649.80%</b> |



**MAGNOLIA SCIENCE ACADEMY - SD**  
**Unaudited Consolidated Statement of Activities**  
**(For the Twelve months ended June 30, 2015)**

| Ordinary Income/Expense<br>Income  | Actuals            | Budget             | Variance          | %             |
|------------------------------------|--------------------|--------------------|-------------------|---------------|
| <b>8000 REVENUES</b>               |                    |                    |                   |               |
| 1 Principal Apportionment          | \$2,243,691        | \$2,305,551        | (\$61,860)        | -2.68%        |
| 2 Federal Revenues                 | \$94,582           | \$85,863           | \$8,719           | 10.15%        |
| 3 Other State Revenue              | \$302,859          | \$239,128          | \$63,731          | 26.65%        |
| 4 Local Revenue                    | \$99,894           | \$127,000          | (\$27,106)        | -21.34%       |
| <b>Total Income</b>                | <b>\$2,741,026</b> | <b>\$2,757,543</b> | <b>(\$16,517)</b> | <b>-0.60%</b> |
| <b>Expense</b>                     |                    |                    |                   |               |
| <b>EXPENDITURES</b>                |                    |                    |                   |               |
| 1000 Certificated Salaries         | \$1,224,529        | \$1,271,325        | (\$46,796)        | -3.68%        |
| 2000 Classified Salaries           | \$143,843          | \$95,318           | \$48,525          | 50.91%        |
| 3000 Employee Benefits             | \$387,417          | \$379,653          | \$7,764           | 2.05%         |
| 4000 Books & Supplies              | \$147,221          | \$193,816          | (\$46,595)        | -24.04%       |
| 5000 Services, Other Operating Exp | \$648,025          | \$649,527          | (\$1,502)         | -0.23%        |
| 6000 Capital Outlay                | \$20,000           | \$60,000           | (\$40,000)        | -66.67%       |
| <b>Total Expense</b>               | <b>\$2,571,035</b> | <b>\$2,649,639</b> | <b>(\$78,604)</b> | <b>-2.97%</b> |
| <b>Net Income</b>                  | <b>\$169,991</b>   | <b>\$107,904</b>   | <b>\$62,087</b>   | <b>57.54%</b> |

**Magnolia Public Schools**  
**Unaudited Actuals**

**Actuals as of 06/30/2015 (12 months)**

| <b>School</b> | <b>Revenue</b> | <b>Expenses</b> | <b>Net Increase (Decrease)<br/>in Net Position</b> | <b>Beginning Net<br/>Position</b> | <b>Ending Net<br/>Position</b> | <b>Minimum Reserve<br/>Requirements (a)</b> |
|---------------|----------------|-----------------|--|-----------------------------------|--------------------------------|---|
| MSA-1         | 5,295,587      | 5,418,368       | (122,781)  | 2,223,916                         | 2,101,135                      | 270,918                                     |
| MSA-2         | 4,000,366      | 3,852,074       | 148,292  | 839,408                           | 987,700                        | 192,604                                     |
| MSA-3         | 4,211,298      | 4,390,902       | (179,605)  | 692,891                           | 513,286                        | 219,545                                     |
| MSA-4         | 2,079,029      | 1,815,469       | 263,559  | 238,592                           | 502,151                        | 90,773                                      |
| MSA-5         | 1,019,824      | 1,018,706       | 1,118  | 889,514                           | 890,631                        | 50,935                                      |
| MSA-6         | 1,493,504      | 1,072,529       | 420,975  | 64,462                            | 485,437                        | 53,626                                      |
| MSA-7         | 2,943,589      | 2,780,078       | 163,511  | 598,512                           | 762,024                        | 139,004                                     |
| MSA-8         | 4,536,057      | 4,527,048       | 9,009  | 2,887,458                         | 2,896,467                      | 226,352                                     |
| MSA-SA        | 1,805,956      | 1,756,579       | 49,377   | 2,247,638                         | 2,297,015                      | 87,829                                      |
| MSA-SC        | 3,331,340      | 3,224,319       | 107,021  | 366,924                           | 473,945                        | 161,216                                     |
| MSA-SD        | 2,741,026      | 2,571,035       | 169,991  | 445,310                           | 615,301                        | 77,131                                      |

**Notes:**

(a) Minimum reserve requirements have been met by all schools.

# **MSA-1**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1845401   | Magnolia Science Academy |  |                     | 1845401                   |                      |  | -                            |
|---|--------------------------|--|---------------------|---------------------------|----------------------|--|------------------------------|
| <b>FI CHARTER SCHOOL - FUND 62</b>                                    |                          |  |                     |                           |                      |  |                              |
| <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |                          |  |                     |                           |                      |  |                              |
| <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |                          |  |                     |                           |                      |  |                              |
|   |                          |  |                     |                           |                      |  | <b>UNAUDITED<br/>ACTUALS</b> |
| <b>ASSETS</b>   |                          |  | <b>Object Codes</b> | <b>Resource<br/>Codes</b> | <b>AS OF 6/30/15</b> |  |                              |
| Cash  |                          |  |                     |                           |                      |  |                              |
| a) In County Treasury   |                          |  |                     |                           |                      |  |                              |
| 1) Fair Value Adjustment to Cash in County Treasury                   |                          |  |                     |                           |                      |  |                              |
| b) In Banks   |                          |  |                     |                           |                      |  |                              |
| c) In Revolving Fund  |                          |  |                     |                           |                      |  |                              |
| d) with Fiscal Agent  |                          |  |                     |                           |                      |  |                              |
| e) collection awaiting deposit  |                          |  |                     |                           |                      |  |                              |
| Investments   |                          |  |                     |                           |                      |  |                              |
| Accounts Receivable(Includes Pledges)                                 |                          |  |                     |                           |                      |  |                              |
| Due from Grantor Government   |                          |  |                     |                           |                      |  |                              |
| Stores  |                          |  |                     |                           |                      |  |                              |
| Prepaid Expenditures  |                          |  |                     |                           |                      |  |                              |
| Other Current   |                          |  |                     |                           |                      |  |                              |
| Fixed Assets:   |                          |  |                     |                           |                      |  |                              |
| a) Land   |                          |  |                     |                           |                      |  |                              |
| b) Land Improvements  |                          |  |                     |                           |                      |  |                              |
| c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |                          |  |                     |                           |                      |  |                              |
| d) Buildings  |                          |  |                     |                           |                      |  |                              |
| e) <b>Less - Accumulated Depreciation-Buildings</b>                   |                          |  |                     |                           |                      |  |                              |
| f) Equipment  |                          |  |                     |                           |                      |  |                              |
| g) <b>Less - Accumulated Depreciation-Equipment</b>                   |                          |  |                     |                           |                      |  |                              |
| h) Work in Progress   |                          |  |                     |                           |                      |  |                              |
| <b>TOTAL ASSETS</b>   |                          |  |                     |                           |                      |  | 2,318,841.56                 |
| <b>LIABILITIES</b>  |                          |  |                     |                           |                      |  |                              |
| Accounts Payable  |                          |  |                     |                           |                      |  |                              |
| Due to Grantor Governments  |                          |  |                     |                           |                      |  |                              |
| Current Loans   |                          |  |                     |                           |                      |  |                              |
| Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |                          |  |                     |                           |                      |  |                              |
| Long-Term Liabilities:  |                          |  |                     |                           |                      |  |                              |
| Other Postemployment Benefits   |                          |  |                     |                           |                      |  |                              |
| Compensated Absences  |                          |  |                     |                           |                      |  |                              |
| COPs Payable  |                          |  |                     |                           |                      |  |                              |
| Capital Leases Payable  |                          |  |                     |                           |                      |  |                              |
| Lease Revenue Bonds Payable   |                          |  |                     |                           |                      |  |                              |
| Other General Long-Term Debt  |                          |  |                     |                           |                      |  |                              |
| <b>TOTAL LIABILITIES</b>  |                          |  |                     |                           |                      |  | 217,706.88                   |
| <b>NET POSITION, June 30</b>  |                          |  |                     |                           |                      |  | 2,101,134.68                 |
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>  |                          |  |                     |                           |                      |  | -                            |

| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |  |  |                          |  |
|---|----|---|--|--|-----------------------|--|--|--|--------------------------|--|
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |  |  |                          |  |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |  |  |                          |  |
|   |    |   |  |  |                       |  |  |  |                          |  |
|   |    |   |  |  |                       |  |  |  | <b>UNAUDITED ACTUALS</b> |  |
|   |    |   |  |  |                       |  |  |  | <b>AS OF 6/30/15</b>     |  |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |  |  |                          |  |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  |  |  | 4,122,660.00             |  |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  |  |  | 510,646.30               |  |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  |  |  | 588,724.38               |  |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  |  |  | 73,556.00                |  |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  |  |  | <b>5,295,586.68</b>      |  |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |  |  |                          |  |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  |  |  | 1,834,566.00             |  |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  |  |  | 493,599.00               |  |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  |  |  | 506,437.00               |  |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  |  |  | 465,092.00               |  |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  |  |  | 2,051,022.00             |  |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  |  |  | 26,486.00                |  |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  |  |  | -                        |  |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  |  |  | 41,166.00                |  |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  |  |  | <b>5,418,368.00</b>      |  |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  |  |  | <b>(122,781.32)</b>      |  |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |  |  |                          |  |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |  |  |                          |  |
|   | a) | Transfers In  |  | 8900-8929  |                       |  |  |  |                          |  |
|   | b) | Transfers Out                                       |  | 7600-7629  |                       |  |  |  |                          |  |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |  |  |                          |  |
|   | a) | Sources   |  | 8930-8979  |                       |  |  |  | -                        |  |
|   | b) | Uses  |  | 7630-7699  |                       |  |  |  | -                        |  |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  |  |  | -                        |  |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  |  |  | <b>-</b>                 |  |
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b>   |    |   |  |  |                       |  |  |  | <b>(122,781.32)</b>      |  |

| F. NET POSITION         |  |             |               |                     |
|-------------------------|--|-------------|---------------|---------------------|
| 1)                      | Beginning Net Position   |             |               |                     |
|                         | a) As of June 30 - Unaudited                                   | 9791        |               | 2,319,569.88        |
|                         | b) Audit Adjustments   | 9793        |               | (95,653.88)         |
|                         | d) Other Restatements  | 9795        |               | -                   |
|                         | e) Adjusted Beginning Net Position                             |             |               | 2,223,916.00        |
| 2)                      | <b>Ending Net Position, June 30</b>                            |             |               | <b>2,101,134.68</b> |
|                         | a) Net Investment in Capital Assets                            | 9796        |               | -                   |
|                         | b) Restricted Net Position                                     | 9797        |               | -                   |
|                         | c) Unrestricted Net Position                                   | 9790        |               | 2,101,134.68        |
| <b>UNAUNTED ACTUALS</b> |  |             |               |                     |
| Revenues (DETAILS)      |  | SACS Object | Resource Code | AS OF 6/30/15       |
| 1)                      | Revenue Limit Sources  |             |               |                     |
|                         | Principal Apportionment  |             |               |                     |
|                         | General Purpose Entitlement-Net State Aid                      | 8011        | 0000          | 2,493,593.00        |
|                         | State Aid - PY adjustments                                     | 8019        | 0000          | (13,255.00)         |
|                         | Education Protection Account (EPA)                             | 8012        | 1400          | 781,115.00          |
|                         | Revenue Limit Transfers  |             |               |                     |
|                         | Unrestricted Revenue Limit Transfers - Current Year            | 8091        | 0000          |                     |
|                         | All Other Revenue Limit Transfer- Current Year                 | 8091        | 0000          |                     |
|                         | Transfers to Charter Schools in lieu of Property Taxes         | 8096        | 0000          | 841,892.00          |
|                         | In Lieu of PropTax - PY adjustments                            | 8096        | 0000          | 19,315.00           |
|                         | Property Taxes Transfers                                       | 8097        | 0000          | -                   |
|                         | Revenue Limit Transfers - Prior Years                          | 8099        | 0000          | -                   |
|                         | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |             |               | <b>4,122,660.00</b> |
| 2)                      | <b>Federal Revenue</b>   |             |               |                     |
|                         | Special Ed: IDEA Basic Local Assistance - CY                   | 8181        | 3310          | 97,396.72           |
|                         | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181        | 3310          | 228.58              |
|                         | Special Education Discretionary Grants                         | 8182        | 3310          | -                   |
|                         | Breakfast, Milk, Pregnant & Lactating Students                 | 8220        | 5310          | 200,929.00          |
|                         | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290        | 3010          | 196,858.00          |
|                         | NCLB: T1,Part A Basic School Support                           | 8290        | 3020          | -                   |
|                         | NCLB: Title I, Part D, Local Delinquent Programs               | 8290        | 3025          | -                   |
|                         | Carl D. Perkins Career & Technical Education :Secondary        | 8290        | 3550          | -                   |
|                         | NCLB:TII, Part A, Teacher Quality                              | 8290        | 4035          | 1,174.00            |
|                         | NCLB:TII, Part A, Administrator Training                       | 8290        | 4036          |                     |
|                         | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290        | 4045          |                     |
|                         | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290        | 4046          |                     |
|                         | NCLB:TIII,Immigrant Education Program                          | 8290        | 4201          | 2,214.00            |
|                         | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290        | 4203          | 11,846.00           |
|                         | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290        | 4610          | -                   |
|                         | Other Federal Revenues:  | 8290        | 5810          | -                   |
|                         | Others (please insert description below)                       |             |               |                     |

|  |    |  |  |      |      |  |  |  |  |  |                   |
|--|----|--|--|------|------|--|--|--|--|--|-------------------|
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|  |    |  |  |      |      |  |  |  |  |  | -                 |
|  |    |  | <b>TOTAL FEDERAL REVENUE</b>                             |      |      |  |  |  |  |  | <b>510,646.30</b> |
|  | 3) |  | <b>Other State Revenue</b>                               |      |      |  |  |  |  |  |                   |
|  |    |  | Other State Apportionments                               |      |      |  |  |  |  |  |                   |
|  |    |  | Special Education Master Plan                            |      |      |  |  |  |  |  |                   |
|  |    |  | Special Education AB602 - CY                             | 8311 | 6500 |  |  |  |  |  | 285,535.98        |
|  |    |  | Special Education AB602 - PY adjustments                 | 8311 | 6500 |  |  |  |  |  | 8,935.40          |
|  |    |  | All Special Ed Apportionments-Current Year               | 8311 | 6500 |  |  |  |  |  | -                 |
|  |    |  | Year Round School Incentive                              | 8425 | 0000 |  |  |  |  |  | -                 |
|  |    |  | Child Nutrition: School Program                          | 8520 | 5310 |  |  |  |  |  | 18,245.00         |
|  |    |  | Mandated Costs Reimbursement                             | 8550 | 0000 |  |  |  |  |  | 51,504.00         |
|  |    |  | State Lottery:Unrestricted CY                            | 8560 | 1100 |  |  |  |  |  | 62,287.00         |
|  |    |  | State Lottery:Unrestricted PY adjustments                | 8560 | 1100 |  |  |  |  |  | -                 |
|  |    |  | Lottery- Instructional Materials                         | 8560 | 6300 |  |  |  |  |  | -                 |
|  |    |  | After School Education and Safety (ASES)                 | 8590 | 6010 |  |  |  |  |  | 135,000.00        |
|  |    |  | Charter School Facility Grant                            | 8590 | 6030 |  |  |  |  |  | 27,217.00         |
|  |    |  | Quality Education Investment Act                         | 8590 | 7400 |  |  |  |  |  | -                 |
|  |    |  | Common Core Standards                                    | 8590 | 7405 |  |  |  |  |  | -                 |
|  |    |  | All other State Revenues:                                | 8590 | 7810 |  |  |  |  |  | -                 |
|  |    |  | Others (please insert description below)                 |      |      |  |  |  |  |  | -                 |
|  |    |  | Prior Year   |      |      |  |  |  |  |  |                   |
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|  |    |  | <b>TOTAL OTHER STATE REVENUE</b>                         |      |      |  |  |  |  |  | <b>588,724.38</b> |
|  | 4) |  | <b>Other Local Revenues</b>                              |      |      |  |  |  |  |  |                   |
|  |    |  | Sales  |      |      |  |  |  |  |  |                   |
|  |    |  | Sale of Equipment/Supplies                               | 8631 | 0000 |  |  |  |  |  | -                 |
|  |    |  | Sale of Publications                                     | 8632 | 0000 |  |  |  |  |  | -                 |
|  |    |  | Food Service Sales                                       | 8634 | 5310 |  |  |  |  |  | -                 |
|  |    |  | Other Sales  | 8639 | 0000 |  |  |  |  |  | -                 |
|  |    |  | Leases & Rentals   | 8650 | 0000 |  |  |  |  |  |                   |
|  |    |  | Interest   | 8660 | 0000 |  |  |  |  |  | -                 |
|  |    |  | Net Increase (Decrease) in the Fair Value of Investments | 8662 | 0000 |  |  |  |  |  |                   |
|  |    |  | Fees and Contracts                                       |      |      |  |  |  |  |  |                   |
|  |    |  | Child Development Parent Fees                            | 8673 | 0000 |  |  |  |  |  |                   |
|  |    |  | Transportation Fees from Individuals                     | 8689 | 0000 |  |  |  |  |  |                   |
|  |    |  | Interagency Services                                     | 8677 | 0000 |  |  |  |  |  |                   |
|  |    |  | All Other Fees & Contracts                               | 8689 | 0000 |  |  |  |  |  |                   |
|  |    |  | <b>Other Local Revenues</b>                              | 8689 | 0000 |  |  |  |  |  | <b>73,556.00</b>  |
|  |    |  | Grants/Donations   |      |      |  |  |  |  |  | 745.00            |
|  |    |  | Fund Raising/Others                                      |      |      |  |  |  |  |  | 40,772.00         |
|  |    |  | All Other Local  |      |      |  |  |  |  |  | 32,039.00         |
|  |    |  | Prior Year   |      |      |  |  |  |  |  | -                 |
|  |    |  |  |      |      |  |  |  |  |  |                   |
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|                              |    | Tuition  | 8710        | 0000      |                                       |
|------------------------------|----|--|-------------|-----------|---------------------------------------|
|                              |    | All Other Transfers In   | 8781-8783   | 0000      |                                       |
|                              |    | Transfers of Apportionments  |             |           |                                       |
|                              |    | Special Education SELPA Transfers                                  |             |           |                                       |
|                              |    | From Districts or Charter Schools                                  | 8791        | 6500      | -                                     |
|                              |    | From County Offices  | 8792        | 6500      |                                       |
|                              |    | From JPAs  | 8793        | 6500      |                                       |
|                              |    | Other Transfers of Apportionments                                  |             |           |                                       |
|                              |    | From Districts or Charter Schools                                  | 8791        | 0000      |                                       |
|                              |    | From County Offices  | 8792        | 0000      |                                       |
|                              |    | From JPAs  | 8793        | 0000      |                                       |
|                              |    | All Other Transfers in from All Others                             | 8799        | 0000      |                                       |
|                              |    | <b>TOTAL OTHER LOCAL REVENUE</b>                                   |             |           | <b>73,556.00</b>                      |
|                              |    | <b>TOTAL REVENUES</b>  |             |           | <b>5,295,586.68</b>                   |
| <b>Expeses by Sub-object</b> |    |  |             |           |                                       |
|                              |    |  |             |           |                                       |
|                              |    |  | SACS Object | FUNC      | UNAUTED ACTUALS AS OF<br>JUNE 30 2015 |
|                              | 1) | <b>Certificated Salaries</b>                                       |             |           |                                       |
|                              |    | Teachers' Salaries   | 1100        | 1000      | 1,564,349.00                          |
|                              |    | Pupil Support Salaries   | 1200        | 3110/3140 | -                                     |
|                              |    | Librarians   | 1200        | 2420      | -                                     |
|                              |    | Supervisors' and Administrators' Salaries                          | 1300        | 2700      | 270,217.00                            |
|                              |    | Guidance, Welfare, & Counseling Services                           | 1200        | 3110      | -                                     |
|                              |    | Physical/Mental, Health Services                                   | 1200        | 3140      | -                                     |
|                              |    | Other Certificated Salaries  | 1900        | 2100      | -                                     |
|                              |    | <b>TOTAL CERTIFICATED SALARIES</b>                                 |             |           | <b>1,834,566.00</b>                   |
|                              | 2) | <b>Classified Salaries</b>   |             |           |                                       |
|                              |    | Classified Instructional Salaries                                  | 2100        | 1000      | -                                     |
|                              |    | Classified Supervisors' and Administrators' Salaries               | 2300        | 2100      | -                                     |
|                              |    | Clerical, Technical and Office Salaries                            | 2400        | 2700      | 493,599.00                            |
|                              |    | Classified Transportation Salaries                                 | 2200        | 3600      | -                                     |
|                              |    | Classified Food Services Salaries                                  | 2200        | 3700      | -                                     |
|                              |    | Classified Maintenance & Operations                                | 2200        | 8100      | -                                     |
|                              |    | Other Classified   | 2900        | 2100      | -                                     |
|                              |    | <b>TOTAL CLASSIFIED SALARIES</b>                                   |             |           | <b>493,599.00</b>                     |
|                              | 3) | <b>Employee Benefits</b>   |             |           |                                       |
|                              |    | EE Ben - STRS - Certificated                                       |             |           | 151,396.00                            |
|                              |    | EE Ben - STRS - Certificated - Instruction                         | 3101        | 1000      | 115,061.00                            |
|                              |    | EE Ben - STRS - Certificated - Instructional Supv and Adm          | 3101        | 2100      | 36,335.00                             |
|                              |    | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec | 3101        | 2420      | -                                     |
|                              |    | EE Ben - STRS - Certificated - School Administration               | 3101        | 2700      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Guidance & Counseling Services      | 3101        | 3110      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Health Services                     | 3101        | 3140      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Other General Admin                 | 3101        | 2100      | -                                     |
|                              |    | EE Ben - STRS - Classified   |             |           | -                                     |
|                              |    | EE Ben - STRS - Classified - Instruction                           | 3102        | 1000      | -                                     |
|                              |    | EE Ben - STRS - Classified - Instructional Supv and Adm            | 3102        | 2100      | -                                     |
|                              |    | EE Ben - STRS - Classified - School Administration                 | 3102        | 2700      | -                                     |
|                              |    | EE Ben - STRS - Classified - Pupil Transportation                  | 3102        | 3600      | -                                     |
|                              |    | EE Ben - STRS - Classified - Food Services                         | 3102        | 3700      | -                                     |



|  |  |  |      |      |  |                  |
|--|--|--|------|------|--|------------------|
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation         | 3102 | 8100 |  | -                |
|  |  | EE Ben - STRS - Classified - Other General Admin                   | 3102 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - PERS - Certificated                                       |      |      |  | <b>26,917.00</b> |
|  |  | EE Ben - PERS - Certificated - Instruction                         | 3201 | 1000 |  | -                |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm          | 3201 | 2100 |  | -                |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te  | 3201 | 2420 |  | -                |
|  |  | EE Ben - PERS - Certificated - School Administration               | 3201 | 2700 |  | 26,917.00        |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services      | 3201 | 3110 |  | -                |
|  |  | EE Ben - PERS - Certificated - Health Services                     | 3201 | 3140 |  | -                |
|  |  | EE Ben - PERS - Certificated - Other General Admin                 | 3201 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - PERS - Classified   |      |      |  | -                |
|  |  | EE Ben - PERS - Classified - Instruction                           | 3202 | 1000 |  | -                |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm            | 3202 | 2100 |  | -                |
|  |  | EE Ben - PERS - Classified - School Administration                 | 3202 | 2700 |  | -                |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                  | 3202 | 3600 |  | -                |
|  |  | EE Ben - PERS - Classified - Food Services                         | 3202 | 3700 |  | -                |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation         | 3202 | 8100 |  | -                |
|  |  | EE Ben - PERS - Classified - Other General Administration          | 3202 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - OASDI Reg - Certificated                                  |      |      |  | <b>49,117.00</b> |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                    | 3301 | 1000 |  | 41,656.00        |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm     | 3301 | 2100 |  | 7,461.00         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media,  | 3301 | 2420 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration          | 3301 | 2700 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser      | 3301 | 3110 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services                | 3301 | 3140 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin            | 3301 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - OASDI Reg - Classified                                    |      |      |  | <b>13,056.00</b> |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                      | 3302 | 1000 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and    | 3302 | 2100 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - School Administration            | 3302 | 2700 |  | 13,056.00        |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation             | 3302 | 3600 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                    | 3302 | 3700 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio     | 3302 | 8100 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration     | 3302 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - OASDI Medicare - Certificated                             |      |      |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction               | 3301 | 1000 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and    | 3301 | 2100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M  | 3301 | 2420 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration     | 3301 | 2700 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling     | 3301 | 3110 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services           | 3301 | 3140 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin       | 3301 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - OASDI Medicare - Classified                               |      |      |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                 | 3302 | 1000 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision   | 3302 | 2100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration       | 3302 | 2700 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation        | 3302 | 3600 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services               | 3302 | 3700 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op      | 3302 | 8100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr     | 3302 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                        |      |      |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction          | 3301 | 1000 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv   | 3301 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar | 3301 | 2420 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat   | 3301 | 2700 |  | -                |

|  |  |  |      |      |  |                   |
|--|--|--|------|------|--|-------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adm      | 3301 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ad      | 3302 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>164,511.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 139,522.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv and   | 3401 | 2100 |  | 24,989.00         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, M | 3401 | 2420 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administrat       | 3401 | 2700 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>43,732.00</b>  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrat      | 3402 | 2700 |  | 43,732.00         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Adm       | 3402 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | <b>28,151.00</b>  |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 23,874.00         |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | 4,277.00          |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administrat          | 3501 | 2700 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>7,483.00</b>   |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrat         | 3502 | 2700 |  | 7,483.00          |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Adm          | 3502 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - School Administrat           | 3601 | 2700 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseli          | 3601 | 3110 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>17,545.00</b>  |
|  |  | EE Ben - Workers' Compensation - Class - Instruction                 | 3602 | 1000 |  | 14,880.00         |
|  |  | EE Ben - Workers' Compensation - Class - Instructional Supervis      | 3602 | 2100 |  | 2,665.00          |
|  |  | EE Ben - Workers' Compensation - Class - School Administration       | 3602 | 2700 |  | -                 |

|  |    |   |      |      |                   |
|--|----|---|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation     | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services            | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance &      | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Admini     | 3602 | 2100 | -                 |
|  |    |   |      |      |                   |
|  |    | EE Ben - OPEB, Allocated  |      |      | 4,529.00          |
|  |    | EE Ben - OPEB, Allocated - Instruction                            | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Adm      | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                  | 3701 | 2700 | 4,529.00          |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                   | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services                          | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation          | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration           | 3701 | 2100 | -                 |
|  |    |   |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees                                   |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction                           | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Adm     | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                 | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                  | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services                         | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation         | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration          | 3702 | 2100 | -                 |
|  |    |   |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                 |      |      | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                  | 3901 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision an | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration        | 3901 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Ser    | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services              | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administrati   | 3901 | 2100 | -                 |
|  |    |   |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                   |      |      | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                 | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision a | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration       | 3902 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation        | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services               | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Oper    | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administrat   | 3902 | 2100 | -                 |
|  |    |   |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>                                    |      |      | <b>506,437.00</b> |
|  |    |   |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>                                       |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                   | 4100 | 1000 | 28,620.00         |
|  |    | Books and Other Reference Materials                               | 4200 | 1000 | 11,925.00         |
|  |    | Materials and Supplies  | 4300 | 1000 | 145,589.00        |
|  |    | Noncapitalized Equipment  | 4400 | 1000 | 14,393.00         |
|  |    | Other Supplies  | 4300 | 2700 | 3,331.00          |
|  |    | Pupil Transportation  | 4300 | 3600 | -                 |
|  |    | Food Service Supplies   | 4700 | 3700 | 261,234.00        |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>                                   |      |      | <b>465,092.00</b> |
|  |    |   |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                      |      |      |                   |
|  |    | Personal Services   | 5800 | 2700 | -                 |
|  |    | Travel and Conference   | 5200 | 2700 | 11,658.00         |
|  |    | Due and Memberships   | 5300 | 7200 | 34,245.00         |
|  |    | Insurance   | 5400 | 7200 | 27,473.00         |
|  |    | Operation and Housekeeping Services                               | 5500 | 8100 | 60,605.00         |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements                | 5600 | 8100 | 609,655.00        |
|  |    | Transfers of Direct Cost  | 5800 | 8100 | -                 |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 1,294,052.00        |
|  |    | Communications   | 5900      | 8100 |  | 13,334.00           |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>2,051,022.00</b> |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 26,486.00           |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>26,486.00</b>    |
|  |    |  |           |      |  |                     |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 41,166.00           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>5,418,368.00</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-2**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

|         |  |   |                     |                           |  |                              |
|---------|--|---|---------------------|---------------------------|--|------------------------------|
| 1846101 |  | <b>Magnolia Science Academy #2</b>                                    | 1846101             |                           |  | -                            |
|         |  | <b>FI CHARTER SCHOOL - FUND 62</b>                                    |                     |                           |  |                              |
|         |  | <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |                     |                           |  |                              |
|         |  |   |                     |                           |  |                              |
|         |  |   |                     |                           |  |                              |
|         |  | <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |                     |                           |  |                              |
|         |  |   |                     |                           |  |                              |
|         |  |   |                     |                           |  | <b>UNAUDITED<br/>ACTUALS</b> |
|         |  |   |                     |                           |  | <b>AS OF 6/30/15</b>         |
|         |  | <b>ASSETS</b>   | <b>Object Codes</b> | <b>Resource<br/>Codes</b> |  |                              |
|         |  | Cash  |                     |                           |  |                              |
|         |  | a) In County Treasury   | 9110                |                           |  | -                            |
|         |  | 1) Fair Value Adjustment to Cash in County Treasury                   | 9111                |                           |  | -                            |
|         |  | b) In Banks   | 9120                |                           |  | 571,070.00                   |
|         |  | c) In Revolving Fund  | 9130                |                           |  | -                            |
|         |  | d) with Fiscal Agent  | 9135                |                           |  | -                            |
|         |  | e) collection awaiting deposit  | 9140                |                           |  | -                            |
|         |  | Investments   | 9150                |                           |  | -                            |
|         |  | Accounts Receivable(Includes Pledges)                                 | 9200                |                           |  | 368,093.00                   |
|         |  | Due from Grantor Government   | 9290                |                           |  | -                            |
|         |  | Stores  | 9320                |                           |  | -                            |
|         |  | Prepaid Expenditures  | 9330                |                           |  | 103,066.00                   |
|         |  | Other Current   | 9340                |                           |  | -                            |
|         |  | Fixed Assets:   |                     |                           |  |                              |
|         |  | a) Land   | 9410                |                           |  | -                            |
|         |  | b) Land Improvements  | 9420                |                           |  | -                            |
|         |  | c) <b>Less - Accumulated Depreciation-Land Improvements</b>           | 9425                |                           |  | -                            |
|         |  | d) Buildings  | 9430                |                           |  | -                            |
|         |  | e) <b>Less - Accumulated Depreciation-Buildings</b>                   | 9435                |                           |  | -                            |
|         |  | f) Equipment  | 9440                |                           |  | 198,584.00                   |
|         |  | g) <b>Less - Accumulated Depreciation-Equipment</b>                   | 9445                |                           |  | (158,227.00)                 |
|         |  | h) Work in Progress   | 9450                |                           |  | -                            |
|         |  | <b>TOTAL ASSETS</b>   |                     |                           |  | <b>1,082,586.00</b>          |
|         |  | <b>LIABILITIES</b>  |                     |                           |  |                              |
|         |  | Accounts Payable  | 9500                |                           |  | 44,884.01                    |
|         |  | Due to Grantor Governments  | 9590                |                           |  | -                            |
|         |  | Current Loans   | 9640                |                           |  | 50,002.00                    |
|         |  | Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) | 9650                |                           |  | -                            |
|         |  | Long-Term Liabilities:  |                     |                           |  |                              |
|         |  | Other Postemployment Benefits   | 9664                |                           |  | -                            |
|         |  | Compensated Absences  | 9665                |                           |  | -                            |
|         |  | COPs Payable  | 9666                |                           |  | -                            |
|         |  | Capital Leases Payable  | 9667                |                           |  | -                            |
|         |  | Lease Revenue Bonds Payable   | 9668                |                           |  | -                            |
|         |  | Other General Long-Term Debt  | 9669                |                           |  | -                            |
|         |  | <b>TOTAL LIABILITIES</b>  |                     |                           |  | <b>94,886.01</b>             |
|         |  | <b>NET POSITION, June 30</b>  |                     |                           |  | <b>987,699.99</b>            |
|         |  | <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>  |                     |                           |  | <b>-</b>                     |

|                      |  |  |   |                      |   |  |                     |
|----------------------|--|--|---|----------------------|---|--|---------------------|
|                      |  |  |   |                      |   |  |                     |
|                      |  |  |   |                      |   |  |                     |
| fund center (lookup) |  |  |   |                      | FUND ENDING BALANCE CARRY FORWARD NEXT FY             |  |                     |
|                      |  |  |   |                      | THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS) |  |                     |
|                      |  |  | <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>                                | Object Codes         | Function Codes  |  |                     |
|                      |  |  |   |                      |   |  | UNAUNTED ACTUALS    |
|                      |  |  |   |                      |   |  | AS OF 6/30/15       |
|                      |  |  | A. <b>REVENUES (Summary- -See details below)</b>  |                      |   |  |                     |
|                      |  |  | 1) Revenue Limit Sources  | 8010-8099            |   |  | 3,336,116.00        |
|                      |  |  | 2) Federal Revenues   | 8100-8299            |   |  | 228,497.94          |
|                      |  |  | 3) Other State Revenues   | 8300-8599            |   |  | 381,971.16          |
|                      |  |  | 4) Other Local Revenues   | 8600-8799            |   |  | 53,781.00           |
|                      |  |  | 5) <b>TOTAL REVENUES</b>  |                      |   |  | <b>4,000,366.10</b> |
|                      |  |  | B. <b>EXPENSES</b>  |                      |   |  |                     |
|                      |  |  | 1) Certificated Salaries  | 1000-1999            |   |  | 1,562,748.04        |
|                      |  |  | 2) Classified Salaries  | 2000-2999            |   |  | 104,174.00          |
|                      |  |  | 3) Employee Benefits  | 3000-3999            |   |  | 462,356.00          |
|                      |  |  | 4) Books & Supplies   | 4000-4999            |   |  | 233,163.00          |
|                      |  |  | 5) Services and Other Operating Expenses  | 5000-5999            |   |  | 1,429,700.16        |
|                      |  |  | 6) Depreciation   | 6000-6999            |   |  | 26,572.00           |
|                      |  |  | 7) Other Outgo (excluding Transfers of indirect Costs)  | 7100-7299, 7400-7499 |   |  | -                   |
|                      |  |  | 8) Other Outgo - Transfers of Indirect Costs  | 7300-7399            |   |  | 33,361.21           |
|                      |  |  | 9) <b>TOTAL EXPENSES</b>  |                      |   |  | <b>3,852,074.41</b> |
|                      |  |  | C. <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |                      |   |  | <b>148,291.69</b>   |
|                      |  |  | D. <b>OTHER FINANCING SOURCES/USES</b>  |                      |   |  |                     |
|                      |  |  | 1) Interfund Transfers  |                      |   |  |                     |
|                      |  |  | a) Transfers In   | 8900-8929            |   |  |                     |
|                      |  |  | b) Transfers Out  | 7600-7629            |   |  |                     |
|                      |  |  | 2) Other Sources/Uses   |                      |   |  |                     |
|                      |  |  | a) Sources  | 8930-8979            |   |  | -                   |
|                      |  |  | b) Uses   | 7630-7699            |   |  | -                   |
|                      |  |  | 3) Contributions  | 8980-8999            |   |  | -                   |
|                      |  |  | 4) <b>TOTAL OTHER FINANCING SOURCES/USES</b>  |                      |   |  | -                   |
|                      |  |  | E. <b>NET INCREASE (DECREASE) IN NET POSITION</b>   |                      |   |  | <b>148,291.69</b>   |

| F. NET POSITION          |  |             |               |                     |
|--------------------------|--|-------------|---------------|---------------------|
| 1)                       | Beginning Net Position   |             |               |                     |
|                          | a) As of June 30 - Unaudited                                   | 9791        |               | 848,549.30          |
|                          | b) Audit Adjustments   | 9793        |               | (9,141.00)          |
|                          | d) Other Restatements  | 9795        |               | -                   |
|                          | e) Adjusted Beginning Net Position                             |             |               | 839,408.30          |
| 2)                       | Ending Net Position, June 30                                   |             |               | 987,699.99          |
|                          | a) Net Investment in Capital Assets                            | 9796        |               | -                   |
|                          | b) Restricted Net Position                                     | 9797        |               | -                   |
|                          | c) Unrestricted Net Position                                   | 9790        |               | 987,699.99          |
| <b>UNAUDITED ACTUALS</b> |  |             |               |                     |
| Revenues (DETAILS)       |  | SACS Object | Resource Code | AS OF 6/30/15       |
| 1)                       | Revenue Limit Sources  |             |               |                     |
|                          | Principal Apportionment  |             |               |                     |
|                          | General Purpose Entitlement-Net State Aid                      | 8011        | 0000          | 1,961,811.00        |
|                          | State Aid - PY adjustments                                     | 8019        | 0000          | (17,532.00)         |
|                          | Education Protection Account (EPA)                             | 8012        | 1400          | 653,720.00          |
|                          | Revenue Limit Transfers  |             |               |                     |
|                          | Unrestricted Revenue Limit Transfers - Current Year            | 8091        | 0000          |                     |
|                          | All Other Revenue Limit Transfer- Current Year                 | 8091        | 0000          | 2,117.00            |
|                          | Transfers to Charter Schools in lieu of Property Taxes         | 8096        | 0000          | 720,590.00          |
|                          | In Lieu of PropTax - PY adjustments                            | 8096        | 0000          | 15,410.00           |
|                          | Property Taxes Transfers                                       | 8097        | 0000          | -                   |
|                          | Revenue Limit Transfers - Prior Years                          | 8099        | 0000          | -                   |
|                          | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |             |               | <b>3,336,116.00</b> |
| 2)                       | Federal Revenue  |             |               |                     |
|                          | Special Ed: IDEA Basic Local Assistance - CY                   | 8181        | 3310          | 83,363.57           |
|                          | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181        | 3310          | 182.37              |
|                          | Special Education Discretionary Grants                         | 8182        | 3310          | -                   |
|                          | Breakfast, Milk, Pregnant & Lactating Students                 | 8220        | 5310          | -                   |
|                          | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290        | 3010          | 133,388.00          |
|                          | NCLB: T1,Part A Basic School Support                           | 8290        | 3020          | -                   |
|                          | NCLB: Title I, Part D, Local Delinquent Programs               | 8290        | 3025          | -                   |
|                          | Carl D. Perkins Career & Technical Education :Secondary        | 8290        | 3550          | -                   |
|                          | NCLB:TII, Part A, Teacher Quality                              | 8290        | 4035          | 2,219.00            |
|                          | NCLB:TII, Part A, Administrator Training                       | 8290        | 4036          |                     |
|                          | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290        | 4045          |                     |
|                          | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290        | 4046          | -                   |
|                          | NCLB:TIII,Immigrant Education Program                          | 8290        | 4201          | 2,975.00            |
|                          | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290        | 4203          | 6,370.00            |
|                          | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290        | 4610          | -                   |
|                          | Other Federal Revenues:  | 8290        | 5810          | -                   |
|                          | Others (please insert description below)                       |             |               | -                   |





|                              |    |  |  | SACS Object | FUNC      | UNAUTED ACTUALS AS OF<br>JUNE 30 2015 |
|------------------------------|----|--|--|-------------|-----------|---------------------------------------|
|                              |    | Tuition  |  | 8710        | 0000      |                                       |
|                              |    | All Other Transfers In   |  | 8781-8783   | 0000      |                                       |
|                              |    | Transfers of Apportionments  |  |             |           |                                       |
|                              |    | Special Education SELPA Transfers                                  |  |             |           |                                       |
|                              |    | From Districts or Charter Schools                                  |  | 8791        | 6500      | -                                     |
|                              |    | From County Offices  |  | 8792        | 6500      |                                       |
|                              |    | From JPAs  |  | 8793        | 6500      |                                       |
|                              |    | Other Transfers of Apportionments                                  |  |             |           |                                       |
|                              |    | From Districts or Charter Schools                                  |  | 8791        | 0000      |                                       |
|                              |    | From County Offices  |  | 8792        | 0000      |                                       |
|                              |    | From JPAs  |  | 8793        | 0000      |                                       |
|                              |    | All Other Transfers in from All Others                             |  | 8799        | 0000      |                                       |
|                              |    | <b>TOTAL OTHER LOCAL REVENUE</b>                                   |  |             |           | <b>53,781.00</b>                      |
|                              |    | <b>TOTAL REVENUES</b>  |  |             |           | <b>4,000,366.10</b>                   |
| <b>Expeses by Sub-object</b> |    |  |  |             |           |                                       |
|                              |    |  |  |             |           |                                       |
|                              |    |  |  |             |           |                                       |
|                              |    |  |  |             |           |                                       |
|                              | 1) | <b>Certificated Salaries</b>                                       |  |             |           |                                       |
|                              |    | Teachers' Salaries   |  | 1100        | 1000      | 1,366,092.04                          |
|                              |    | Pupil Support Salaries   |  | 1200        | 3110/3140 | -                                     |
|                              |    | Librarians   |  | 1200        | 2420      | -                                     |
|                              |    | Supervisors' and Administrators' Salaries                          |  | 1300        | 2700      | 196,656.00                            |
|                              |    | Guidance, Welfare, & Counseling Services                           |  | 1200        | 3110      | -                                     |
|                              |    | Physical/Mental, Health Services                                   |  | 1200        | 3140      | -                                     |
|                              |    | Other Certificated Salaries  |  | 1900        | 2100      | -                                     |
|                              |    | <b>TOTAL CERTIFICATED SALARIES</b>                                 |  |             |           | <b>1,562,748.04</b>                   |
|                              | 2) | <b>Classified Salaries</b>   |  |             |           |                                       |
|                              |    | Classified Instructional Salaries                                  |  | 2100        | 1000      | -                                     |
|                              |    | Classified Supervisors' and Administrators' Salaries               |  | 2300        | 2100      | -                                     |
|                              |    | Clerical, Technical and Office Salaries                            |  | 2400        | 2700      | 33,337.00                             |
|                              |    | Classified Transportation Salaries                                 |  | 2200        | 3600      | -                                     |
|                              |    | Classified Food Services Salaries                                  |  | 2200        | 3700      | -                                     |
|                              |    | Classified Maintenance & Operations                                |  | 2200        | 8100      | -                                     |
|                              |    | Other Classified   |  | 2900        | 2100      | 70,837.00                             |
|                              |    | <b>TOTAL CLASSIFIED SALARIES</b>                                   |  |             |           | <b>104,174.00</b>                     |
|                              | 3) | <b>Employee Benefits</b>   |  |             |           |                                       |
|                              |    | EE Ben - STRS - Certificated                                       |  |             |           | 130,422.00                            |
|                              |    | EE Ben - STRS - Certificated - Instruction                         |  | 3101        | 1000      | 114,198.00                            |
|                              |    | EE Ben - STRS - Certificated - Instructional Supv and Adm          |  | 3101        | 2100      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec |  | 3101        | 2420      | -                                     |
|                              |    | EE Ben - STRS - Certificated - School Administration               |  | 3101        | 2700      | 16,224.00                             |
|                              |    | EE Ben - STRS - Certificated - Guidance & Counseling Services      |  | 3101        | 3110      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Health Services                     |  | 3101        | 3140      | -                                     |
|                              |    | EE Ben - STRS - Certificated - Other General Admin                 |  | 3101        | 2100      | -                                     |
|                              |    | EE Ben - STRS - Classified   |  |             |           | -                                     |
|                              |    | EE Ben - STRS - Classified - Instruction                           |  | 3102        | 1000      | -                                     |
|                              |    | EE Ben - STRS - Classified - Instructional Supv and Adm            |  | 3102        | 2100      | -                                     |
|                              |    | EE Ben - STRS - Classified - School Administration                 |  | 3102        | 2700      | -                                     |
|                              |    | EE Ben - STRS - Classified - Pupil Transportation                  |  | 3102        | 3600      | -                                     |
|                              |    | EE Ben - STRS - Classified - Food Services                         |  | 3102        | 3700      | -                                     |

|  |  |  |      |      |  |           |
|--|--|--|------|------|--|-----------|
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation         | 3102 | 8100 |  | -         |
|  |  | EE Ben - STRS - Classified - Other General Admin                   | 3102 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - PERS - Certificated                                       |      |      |  | -         |
|  |  | EE Ben - PERS - Certificated - Instruction                         | 3201 | 1000 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm          | 3201 | 2100 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te  | 3201 | 2420 |  | -         |
|  |  | EE Ben - PERS - Certificated - School Administration               | 3201 | 2700 |  | -         |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services      | 3201 | 3110 |  | -         |
|  |  | EE Ben - PERS - Certificated - Health Services                     | 3201 | 3140 |  | -         |
|  |  | EE Ben - PERS - Certificated - Other General Admin                 | 3201 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - PERS - Classified   |      |      |  | 5,012.00  |
|  |  | EE Ben - PERS - Classified - Instruction                           | 3202 | 1000 |  | -         |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm            | 3202 | 2100 |  | -         |
|  |  | EE Ben - PERS - Classified - School Administration                 | 3202 | 2700 |  | 5,012.00  |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                  | 3202 | 3600 |  | -         |
|  |  | EE Ben - PERS - Classified - Food Services                         | 3202 | 3700 |  | -         |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation         | 3202 | 8100 |  | -         |
|  |  | EE Ben - PERS - Classified - Other General Administration          | 3202 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Certificated                                  |      |      |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                    | 3301 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm     | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media,  | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration          | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser      | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services                | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin            | 3301 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Classified                                    |      |      |  | 3,052.00  |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                      | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and    | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - School Administration            | 3302 | 2700 |  | 984.00    |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation             | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                    | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio     | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration     | 3302 | 2100 |  | 2,068.00  |
|  |  |  |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Certificated                             |      |      |  | 32,732.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction               | 3301 | 1000 |  | 30,047.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and    | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M  | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration     | 3301 | 2700 |  | 2,685.00  |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling     | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services           | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin       | 3301 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Classified                               |      |      |  | 854.00    |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                 | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision   | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration       | 3302 | 2700 |  | 169.00    |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation        | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services               | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op      | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr     | 3302 | 2100 |  | 685.00    |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                        |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction          | 3301 | 1000 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv   | 3301 | 2100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar | 3301 | 2420 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat   | 3301 | 2700 |  | -         |

|  |  |  |      |      |  |                   |
|--|--|--|------|------|--|-------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adm      | 3301 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ad      | 3302 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>245,689.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 223,414.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administrat       | 3401 | 2700 |  | 22,275.00         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>7,425.00</b>   |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrat      | 3402 | 2700 |  | 7,425.00          |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Adm       | 3402 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | <b>813.00</b>     |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 728.00            |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv an       | 3501 | 2100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, I    | 3501 | 2420 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administrat          | 3501 | 2700 |  | 85.00             |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>26.00</b>      |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrat         | 3502 | 2700 |  | 26.00             |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Adm          | 3502 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | <b>18,558.00</b>  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 16,912.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | 1,646.00          |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>549.00</b>     |
|  |  | EE Ben - Workers' Compensation - Class - Instruction                 | 3602 | 1000 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Class - Instructional Supervis      | 3602 | 2100 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Class - School Administration       | 3602 | 2700 |  | 549.00            |

|  |    |  |      |      |  |                   |
|--|----|--|------|------|--|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation      | 3602 | 3600 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services             | 3602 | 3700 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance &       | 3602 | 8100 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Admini      | 3602 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction                             | 3701 | 1000 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Adm       | 3701 | 2100 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                   | 3701 | 2700 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                    | 3701 | 3600 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services                           | 3701 | 3700 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation           | 3701 | 8100 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration            | 3701 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - OPEB, Active Employees                                    |      |      |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction                            | 3702 | 1000 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Adm      | 3702 | 2100 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                  | 3702 | 2700 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                   | 3702 | 3600 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services                          | 3702 | 3700 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation          | 3702 | 8100 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration           | 3702 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                  |      |      |  | 17,224.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                   | 3901 | 1000 |  | 17,224.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision an  | 3901 | 2100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, | 3901 | 2420 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration         | 3901 | 2700 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Ser     | 3901 | 3110 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services               | 3901 | 3140 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administrati    | 3901 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                    |      |      |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                  | 3902 | 1000 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision a  | 3902 | 2100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration        | 3902 | 2700 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation         | 3902 | 3600 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                | 3902 | 3700 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Oper     | 3902 | 8100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administrat    | 3902 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>                                     |      |      |  | <b>462,356.00</b> |
|  |    |  |      |      |  |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |  |                   |
|  |    | Approved Textbooks and Core Curricula Materials                    | 4100 | 1000 |  | 14,921.00         |
|  |    | Books and Other Reference Materials                                | 4200 | 1000 |  | 40,867.00         |
|  |    | Materials and Supplies   | 4300 | 1000 |  | 93,485.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 |  | 8,111.00          |
|  |    | Other Supplies   | 4300 | 2700 |  | -                 |
|  |    | Pupil Transportation   | 4300 | 3600 |  | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 |  | 75,779.00         |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>                                    |      |      |  | <b>233,163.00</b> |
|  |    |  |      |      |  |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                       |      |      |  |                   |
|  |    | Personal Services  | 5800 | 2700 |  | -                 |
|  |    | Travel and Conference  | 5200 | 2700 |  | 16,316.00         |
|  |    | Due and Memberships  | 5300 | 7200 |  | 3,294.00          |
|  |    | Insurance  | 5400 | 7200 |  | 23,093.00         |
|  |    | Operation and Housekeeping Services                                | 5500 | 8100 |  | 514.00            |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements                 | 5600 | 8100 |  | 147,812.00        |
|  |    | Transfers of Direct Cost   | 5800 | 8100 |  | -                 |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 1,224,843.16        |
|  |    | Communications   | 5900      | 8100 |  | 13,828.00           |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>1,429,700.16</b> |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 26,572.00           |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>26,572.00</b>    |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 33,361.21           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>3,852,074.41</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-3**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

|   |  |                                   |                     |                       |                      |                          |
|---|--|-----------------------------------|---------------------|-----------------------|----------------------|--------------------------|
| 1846401   |  | <b>Magnolia Science Academy 3</b> | 1846401             |                       |                      | -                        |
| <b>FI CHARTER SCHOOL - FUND 62</b>                                    |  |                                   |                     |                       |                      |                          |
| <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |  |                                   |                     |                       |                      |                          |
| <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |  |                                   |                     |                       |                      |                          |
|   |  |                                   |                     |                       |                      | <b>UNAUDITED ACTUALS</b> |
| <b>ASSETS</b>   |  |                                   | <b>Object Codes</b> | <b>Resource Codes</b> | <b>AS OF 6/30/15</b> |                          |
| Cash  |  |                                   |                     |                       |                      |                          |
| a) In County Treasury   |  |                                   | 9110                |                       | -                    |                          |
| 1) Fair Value Adjustment to Cash in County Treasury                   |  |                                   | 9111                |                       | -                    |                          |
| b) In Banks   |  |                                   | 9120                |                       | 313,439.00           |                          |
| c) In Revolving Fund  |  |                                   | 9130                |                       | -                    |                          |
| d) with Fiscal Agent  |  |                                   | 9135                |                       | -                    |                          |
| e) collection awaiting deposit  |  |                                   | 9140                |                       | -                    |                          |
| Investments   |  |                                   | 9150                |                       | -                    |                          |
| Accounts Receivable(Includes Pledges)                                 |  |                                   | 9200                |                       | 347,342.00           |                          |
| Due from Grantor Government   |  |                                   | 9290                |                       | -                    |                          |
| Stores  |  |                                   | 9320                |                       | -                    |                          |
| Prepaid Expenditures  |  |                                   | 9330                |                       | -                    |                          |
| Other Current   |  |                                   | 9340                |                       | -                    |                          |
| Fixed Assets:   |  |                                   |                     |                       |                      |                          |
| a) Land   |  |                                   | 9410                |                       | -                    |                          |
| b) Land Improvements  |  |                                   | 9420                |                       | -                    |                          |
| c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |  |                                   | 9425                |                       | -                    |                          |
| d) Buildings  |  |                                   | 9430                |                       | -                    |                          |
| e) <b>Less - Accumulated Depreciation-Buildings</b>                   |  |                                   | 9435                |                       | -                    |                          |
| f) Equipment  |  |                                   | 9440                |                       | 136,648.00           |                          |
| g) <b>Less - Accumulated Depreciation-Equipment</b>                   |  |                                   | 9445                |                       | (125,557.00)         |                          |
| h) Work in Progress   |  |                                   | 9450                |                       | -                    |                          |
| <b>TOTAL ASSETS</b>   |  |                                   |                     |                       |                      | <b>671,872.00</b>        |
| <b>LIABILITIES</b>  |  |                                   |                     |                       |                      |                          |
| Accounts Payable  |  |                                   | 9500                |                       | 158,585.79           |                          |
| Due to Grantor Governments  |  |                                   | 9590                |                       | -                    |                          |
| Current Loans   |  |                                   | 9640                |                       | -                    |                          |
| Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |  |                                   | 9650                |                       | -                    |                          |
| Long-Term Liabilities:  |  |                                   |                     |                       |                      |                          |
| Other Postemployment Benefits   |  |                                   | 9664                |                       | -                    |                          |
| Compensated Absences  |  |                                   | 9665                |                       | -                    |                          |
| COPs Payable  |  |                                   | 9666                |                       | -                    |                          |
| Capital Leases Payable  |  |                                   | 9667                |                       | -                    |                          |
| Lease Revenue Bonds Payable   |  |                                   | 9668                |                       | -                    |                          |
| Other General Long-Term Debt  |  |                                   | 9669                |                       | -                    |                          |
| <b>TOTAL LIABILITIES</b>  |  |                                   |                     |                       |                      | <b>158,585.79</b>        |
| <b>NET POSITION, June 30</b>  |  |                                   |                     |                       |                      | <b>513,286.21</b>        |



|   |    |   |  |  |                       |  |                        |
|---|----|---|--|--|-----------------------|--|------------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                      |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  |                        |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                        |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                        |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                        |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  | <b>UNAUTED ACTUALS</b> |
|   |    |   |  |  |                       |  | <b>AS OF 6/30/15</b>   |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 3,404,296.00           |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 365,374.76             |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 438,985.90             |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 2,641.00               |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>4,211,297.66</b>    |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 1,562,628.00           |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 205,748.00             |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 357,509.00             |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 521,768.00             |
|   | 5) | Services and Other Operting Expenses                |  | 5000-5999  |                       |  | 1,681,755.00           |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 27,500.00              |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                      |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 33,994.45              |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>4,390,902.45</b>    |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>(179,604.79)</b>    |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                        |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                        |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                        |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                        |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                      |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                      |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                      |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | <b>-</b>               |

|   |  |                    |                      |                          |
|---|--|--------------------|----------------------|--------------------------|
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b> |  |                    |                      | <b>(179,604.79)</b>      |
| <b>F. NET POSITION</b>                            |  |                    |                      |                          |
| 1)  | Beginning Net Position   |                    |                      |                          |
|   | a) As of June 30 - Unaudited                                   | 9791               |                      | 691,634.00               |
|   | b) Audit Adjustments   | 9793               |                      | 1,257.00                 |
|   | d) Other Restatements  | 9795               |                      | -                        |
|   | e) Adjusted Beginning Net Position                             |                    |                      | <b>692,891.00</b>        |
| 2)  | <b>Ending Net Position, June 30</b>                            |                    |                      | <b>513,286.21</b>        |
|   | a) Net Investment in Capital Assets                            | 9796               |                      | -                        |
|   | b) Restricted Net Position                                     | 9797               |                      | -                        |
|   | c) Unrestricted Net Position                                   | 9790               |                      | <b>513,286.21</b>        |
|   |  |                    |                      | <b>UNAUDITED ACTUALS</b> |
| <b>Revenues (DETAILS)</b>                         |  | <b>SACS Object</b> | <b>Resource Code</b> | <b>AS OF 6/30/15</b>     |
| 1)  | Revenue Limit Sources  |                    |                      |                          |
|   | Principal Apportionment  |                    |                      |                          |
|   | General Purpose Entitlement-Net State Aid                      | 8011               | 0000                 | 2,044,124.00             |
|   | State Aid - PY adjustments                                     | 8019               | 0000                 | (10,451.00)              |
|   | Education Protection Account (EPA)                             | 8012               | 1400                 | 642,363.00               |
|   | Revenue Limit Transfers  |                    |                      |                          |
|   | Unrestricted Revenue Limit Transfers - Current Year            | 8091               | 0000                 |                          |
|   | All Other Revenue Limit Transfer- Current Year                 | 8091               | 0000                 |                          |
|   | Transfers to Charter Schools in lieu of Property Taxes         | 8096               | 0000                 | 712,958.00               |
|   | In Lieu of PropTax - PY adjustments                            | 8096               | 0000                 | 15,302.00                |
|   | Property Taxes Transfers                                       | 8097               | 0000                 | -                        |
|   | Revenue Limit Transfers - Prior Years                          | 8099               | 0000                 | -                        |
|   | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |                    |                      | <b>3,404,296.00</b>      |
| 2)  | <b>Federal Revenue</b>   |                    |                      |                          |
|   | Special Ed: IDEA Basic Local Assistance - CY                   | 8181               | 3310                 | 82,480.67                |
|   | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181               | 3310                 | 181.09                   |
|   | Special Education Discretionary Grants                         | 8182               | 3310                 | -                        |
|   | Breakfast, Milk, Pregnant & Lactating Students                 | 8220               | 5310                 | 199,980.00               |
|   | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290               | 3010                 | 80,071.00                |
|   | NCLB: T1,Part A Basic School Support                           | 8290               | 3020                 | -                        |
|   | NCLB: Title I, Part D, Local Delinquent Programs               | 8290               | 3025                 | -                        |
|   | Carl D. Perkins Career & Technical Education :Secondary        | 8290               | 3550                 | -                        |
|   | NCLB:TII, Part A, Teacher Quality                              | 8290               | 4035                 | 2,475.00                 |
|   | NCLB:TII, Part A, Administrator Training                       | 8290               | 4036                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290               | 4045                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290               | 4046                 |                          |
|   | NCLB:TIII,Immigrant Education Program                          | 8290               | 4201                 | 187.00                   |
|   | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290               | 4203                 | -                        |
|   | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290               | 4610                 | -                        |
|   | Other Federal Revenues:  | 8290               | 5810                 | -                        |
|   | Others (please insert description below)                       |                    |                      | -                        |

|  |    |  |      |      |  |   |                   |
|--|----|--|------|------|--|---|-------------------|
|  |    |  |      |      |  | - |                   |
|  |    | <b>TOTAL FEDERAL REVENUE</b>                             |      |      |  |   | <b>365,374.76</b> |
|  | 3) | <b>Other State Revenue</b>                               |      |      |  |   |                   |
|  |    | Other State Apportionments                               |      |      |  |   |                   |
|  |    | Special Education Master Plan                            |      |      |  |   |                   |
|  |    | Special Education AB602 - CY                             | 8311 | 6500 |  |   | 241,806.90        |
|  |    | Special Education AB602 - PY adjustments                 | 8311 | 6500 |  |   | 7,079.00          |
|  |    | All Special Ed Apportionments-Current Year               | 8311 | 6500 |  |   | -                 |
|  |    | Year Round School Incentive                              | 8425 | 0000 |  |   | -                 |
|  |    | Child Nutrition: School Program                          | 8520 | 5310 |  |   | 16,047.00         |
|  |    | Mandated Costs Reimbursement                             | 8550 | 0000 |  |   | 35,822.00         |
|  |    | State Lottery:Unrestricted CY                            | 8560 | 1100 |  |   | 40,731.00         |
|  |    | State Lottery:Unrestricted PY adjustments                | 8560 | 1100 |  |   | -                 |
|  |    | Lottery- Instructional Materials                         | 8560 | 6300 |  |   | -                 |
|  |    | After School Education and Safety (ASES)                 | 8590 | 6010 |  |   | 97,500.00         |
|  |    | Charter School Facility Grant                            | 8590 | 6030 |  |   | -                 |
|  |    | Quality Education Investment Act                         | 8590 | 7400 |  |   | -                 |
|  |    | Common Core Standards                                    | 8590 | 7405 |  |   | -                 |
|  |    | All other State Revenues:                                | 8590 | 7810 |  |   | -                 |
|  |    | Others (please insert description below)                 |      |      |  |   | -                 |
|  |    | Prior Year   |      |      |  |   |                   |
|  |    | <b>TOTAL OTHER STATE REVENUE</b>                         |      |      |  |   | <b>438,985.90</b> |
|  | 4) | <b>Other Local Revenues</b>                              |      |      |  |   |                   |
|  |    | Sales  |      |      |  |   |                   |
|  |    | Sale of Equipment/Supplies                               | 8631 | 0000 |  |   | -                 |
|  |    | Sale of Publications                                     | 8632 | 0000 |  |   | -                 |
|  |    | Food Service Sales                                       | 8634 | 5310 |  |   | -                 |
|  |    | Other Sales  | 8639 | 0000 |  |   | -                 |
|  |    | Leases & Rentals   | 8650 | 0000 |  |   |                   |
|  |    | Interest   | 8660 | 0000 |  |   | -                 |
|  |    | Net Increase (Decrease) in the Fair Value of Investments | 8662 | 0000 |  |   |                   |
|  |    | Fees and Contracts                                       |      |      |  |   |                   |
|  |    | Child Development Parent Fees                            | 8673 | 0000 |  |   |                   |
|  |    | Transportation Fees from Individuals                     | 8689 | 0000 |  |   |                   |
|  |    | Interagency Services                                     | 8677 | 0000 |  |   |                   |
|  |    | All Other Fees & Contracts                               | 8689 | 0000 |  |   |                   |
|  |    | <b>Other Local Revenues</b>                              | 8689 | 0000 |  |   | <b>2,641.00</b>   |
|  |    | Grants/Donations   |      |      |  |   | 91.00             |
|  |    | Fund Raising/Others                                      |      |      |  |   |                   |
|  |    | All Other Local  |      |      |  |   | 2,550.00          |
|  |    | Prior Year   |      |      |  |   | -                 |



|  |  |   |      |      |  |           |
|--|--|---|------|------|--|-----------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -         |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -         |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -         |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -         |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | 4,046.00  |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -         |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | 4,046.00  |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -         |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -         |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Classified  |      |      |  | -         |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | -         |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -         |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | -         |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -         |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -         |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -         |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | 20,921.00 |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | 15,394.00 |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | 5,527.00  |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | 18,551.00 |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | 18,551.00 |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -         |

|  |  |  |      |      |  |                  |
|--|--|--|------|------|--|------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>88,279.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 64,960.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | 23,319.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>78,285.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 78,285.00        |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>852.00</b>    |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 852.00           |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | <b>9,550.00</b>  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 7,028.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | 2,522.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>8,470.00</b>  |

|  |    |  |      |      |                   |
|--|----|--|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 | 8,470.00          |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      | 757.00            |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 | 757.00            |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      | <b>357,509.00</b> |
|  |    |  |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 | 102,991.00        |
|  |    | Books and Other Reference Materials  | 4200 | 1000 | 8,570.00          |
|  |    | Materials and Supplies   | 4300 | 1000 | 51,601.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 | 17,757.00         |
|  |    | Other Supplies   | 4300 | 2700 | 5,836.00          |
|  |    | Pupil Transportation   | 4300 | 3600 | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 | 335,013.00        |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      | <b>521,768.00</b> |
|  |    |  |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |                   |
|  |    | Personal Services  | 5800 | 2700 | -                 |
|  |    | Travel and Conference  | 5200 | 2700 | 6,364.00          |
|  |    | Due and Memberships  | 5300 | 7200 | 38,035.00         |
|  |    | Insurance  | 5400 | 7200 | 23,510.00         |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | 1,272.00            |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 428,528.00          |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 1,156,711.00        |
|  |    | Communications   | 5900      | 8100 |  | 27,335.00           |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>1,681,755.00</b> |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 27,500.00           |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>27,500.00</b>    |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 33,994.45           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>4,390,902.45</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |



# **MSA-4**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1801101 | Magnolia Science Academy 4  |  |                     | 1801101               |  |  | -                        |
|---------|---|--|---------------------|-----------------------|--|--|--------------------------|
|         | <b>FI CHARTER SCHOOL - FUND 62</b>                                    |  |                     |                       |  |  |                          |
|         | <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |  |                     |                       |  |  |                          |
|         | <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |  |                     |                       |  |  |                          |
|         |   |  |                     |                       |  |  | <b>UNAUDITED ACTUALS</b> |
|         | <b>ASSETS</b>   |  | <b>Object Codes</b> | <b>Resource Codes</b> |  |  | <b>AS OF 6/30/15</b>     |
|         | Cash  |  |                     |                       |  |  |                          |
|         | a) In County Treasury   |  | 9110                |                       |  |  | -                        |
|         | 1) Fair Value Adjustment to Cash in County Treasury                   |  | 9111                |                       |  |  | -                        |
|         | b) In Banks   |  | 9120                |                       |  |  | 352,619.00               |
|         | c) In Revolving Fund  |  | 9130                |                       |  |  | -                        |
|         | d) with Fiscal Agent  |  | 9135                |                       |  |  | -                        |
|         | e) collection awaiting deposit  |  | 9140                |                       |  |  | -                        |
|         | Investments   |  | 9150                |                       |  |  | -                        |
|         | Accounts Receivable(Includes Pledges)                                 |  | 9200                |                       |  |  | 142,432.00               |
|         | Due from Grantor Government   |  | 9290                |                       |  |  | -                        |
|         | Stores  |  | 9320                |                       |  |  | -                        |
|         | Prepaid Expenditures  |  | 9330                |                       |  |  | 24,822.00                |
|         | Other Current   |  | 9340                |                       |  |  | -                        |
|         | Fixed Assets:   |  |                     |                       |  |  |                          |
|         | a) Land   |  | 9410                |                       |  |  | -                        |
|         | b) Land Improvements  |  | 9420                |                       |  |  | -                        |
|         | c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |  | 9425                |                       |  |  | -                        |
|         | d) Buildings  |  | 9430                |                       |  |  | -                        |
|         | e) <b>Less - Accumulated Depreciation-Buildings</b>                   |  | 9435                |                       |  |  | -                        |
|         | f) Equipment  |  | 9440                |                       |  |  | -                        |
|         | g) <b>Less - Accumulated Depreciation-Equipment</b>                   |  | 9445                |                       |  |  | -                        |
|         | h) Work in Progress   |  | 9450                |                       |  |  | -                        |
|         |   |  |                     |                       |  |  | 24,313.00                |
|         | <b>TOTAL ASSETS</b>   |  |                     |                       |  |  | <b>544,186.00</b>        |
|         | <b>LIABILITIES</b>  |  |                     |                       |  |  |                          |
|         | Accounts Payable  |  | 9500                |                       |  |  | 41,772.00                |
|         | Due to Grantor Governments  |  | 9590                |                       |  |  | -                        |
|         | Current Loans   |  | 9640                |                       |  |  | 262.72                   |
|         | Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |  | 9650                |                       |  |  | -                        |
|         | Long-Term Liabilities:  |  |                     |                       |  |  |                          |
|         | Other Postemployment Benefits   |  | 9664                |                       |  |  | -                        |
|         | Compensated Absences  |  | 9665                |                       |  |  | -                        |
|         | COPs Payable  |  | 9666                |                       |  |  | -                        |
|         | Capital Leases Payable  |  | 9667                |                       |  |  | -                        |
|         | Lease Revenue Bonds Payable   |  | 9668                |                       |  |  | -                        |
|         | Other General Long-Term Debt  |  | 9669                |                       |  |  | -                        |
|         | <b>TOTAL LIABILITIES</b>  |  |                     |                       |  |  | <b>42,034.72</b>         |
|         | <b>NET POSITION, June 30</b>  |  |                     |                       |  |  | <b>502,151.28</b>        |

|   |    |   |  |  |                       |  |                     |
|---|----|---|--|--|-----------------------|--|---------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                   |
|   |    |   |  |  |                       |  |                     |
|   |    |   |  |  |                       |  |                     |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                     |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                     |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                     |
|   |    |   |  |  |                       |  |                     |
|   |    |   |  |  |                       |  | UNAUDITED ACTUALS   |
|   |    |   |  |  |                       |  | AS OF 6/30/15       |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 1,701,297.00        |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 138,951.16          |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 176,639.55          |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 62,141.00           |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>2,079,028.71</b> |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 719,722.40          |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 31,763.00           |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 198,707.00          |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 128,009.00          |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  | 713,971.04          |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 6,284.00            |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                   |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 17,012.99           |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>1,815,469.43</b> |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>263,559.28</b>   |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                     |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                     |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                     |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                     |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                   |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                   |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                   |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | -                   |

|   |  |                    |                      |                          |
|---|--|--------------------|----------------------|--------------------------|
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b> |  |                    |                      | <b>263,559.28</b>        |
| <b>F. NET POSITION</b>                            |  |                    |                      |                          |
| 1)  | Beginning Net Position   |                    |                      |                          |
| a)  | As of June 30 - Unaudited                                      | 9791               |                      | 238,923.42               |
| b)  | Audit Adjustments  | 9793               |                      | (331.42)                 |
| d)  | Other Restatements   | 9795               |                      | -                        |
| e)  | Adjusted Beginning Net Position                                |                    |                      | <b>238,592.00</b>        |
| 2)  | <b>Ending Net Position, June 30</b>                            |                    |                      | <b>502,151.28</b>        |
| a)  | Net Investment in Capital Assets                               | 9796               |                      | -                        |
| b)  | Restricted Net Position  | 9797               |                      | -                        |
| c)  | Unrestricted Net Position                                      | 9790               |                      | <b>502,151.28</b>        |
|   |  |                    |                      | <b>UNAUDITED ACTUALS</b> |
| <b>Revenues (DETAILS)</b>                         |  | <b>SACS Object</b> | <b>Resource Code</b> | <b>AS OF 6/30/15</b>     |
| 1)  | Revenue Limit Sources  |                    |                      |                          |
|   | Principal Apportionment  |                    |                      |                          |
|   | General Purpose Entitlement-Net State Aid                      | 8011               | 0000                 | 1,019,862.00             |
|   | State Aid - PY adjustments                                     | 8019               | 0000                 | (7,082.00)               |
|   | Education Protection Account (EPA)                             | 8012               | 1400                 | 329,851.00               |
|   | Revenue Limit Transfers  |                    |                      |                          |
|   | Unrestricted Revenue Limit Transfers - Current Year            | 8091               | 0000                 |                          |
|   | All Other Revenue Limit Transfer- Current Year                 | 8091               | 0000                 |                          |
|   | Transfers to Charter Schools in lieu of Property Taxes         | 8096               | 0000                 | 351,586.00               |
|   | In Lieu of PropTax - PY adjustments                            | 8096               | 0000                 | 7,080.00                 |
|   | Property Taxes Transfers                                       | 8097               | 0000                 | -                        |
|   | Revenue Limit Transfers - Prior Years                          | 8099               | 0000                 | -                        |
|   | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |                    |                      | <b>1,701,297.00</b>      |
| 2)  | <b>Federal Revenue</b>   |                    |                      |                          |
|   | Special Ed: IDEA Basic Local Assistance - CY                   | 8181               | 3310                 | 40,674.25                |
|   | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181               | 3310                 | 83.79                    |
|   | Special Education Discretionary Grants                         | 8182               | 3310                 | -                        |
|   | Breakfast, Milk, Pregnant & Lactating Students                 | 8220               | 5310                 | 35,709.00                |
|   | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290               | 3010                 | 61,467.12                |
|   | NCLB: T1,Part A Basic School Support                           | 8290               | 3020                 | -                        |
|   | NCLB: Title I, Part D, Local Delinquent Programs               | 8290               | 3025                 | -                        |
|   | Carl D. Perkins Career & Technical Education :Secondary        | 8290               | 3550                 | -                        |
|   | NCLB:TII, Part A, Teacher Quality                              | 8290               | 4035                 | 1,017.00                 |
|   | NCLB:TII, Part A, Administrator Training                       | 8290               | 4036                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290               | 4045                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290               | 4046                 |                          |
|   | NCLB:TIII,Immigrant Education Program                          | 8290               | 4201                 | -                        |
|   | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290               | 4203                 |                          |
|   | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290               | 4610                 | -                        |
|   | Other Federal Revenues:  | 8290               | 5810                 | -                        |
|   | Others (please insert description below)                       |                    |                      | -                        |



|  |    |  |             |           |                                       |
|--|----|--|-------------|-----------|---------------------------------------|
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    | Tuition  | 8710        | 0000      |                                       |
|  |    | All Other Transfers In   | 8781-8783   | 0000      |                                       |
|  |    | Transfers of Apportionments  |             |           |                                       |
|  |    | Special Education SELPA Transfers                                  |             |           |                                       |
|  |    | From Districts or Charter Schools                                  | 8791        | 6500      | -                                     |
|  |    | From County Offices  | 8792        | 6500      |                                       |
|  |    | From JPAs  | 8793        | 6500      |                                       |
|  |    | Other Transfers of Apportionments                                  |             |           |                                       |
|  |    | From Districts or Charter Schools                                  | 8791        | 0000      |                                       |
|  |    | From County Offices  | 8792        | 0000      |                                       |
|  |    | From JPAs  | 8793        | 0000      |                                       |
|  |    | All Other Transfers in from All Others                             | 8799        | 0000      |                                       |
|  |    | <b>TOTAL OTHER LOCAL REVENUE</b>                                   |             |           | <b>62,141.00</b>                      |
|  |    | <b>TOTAL REVENUES</b>  |             |           | <b>2,079,028.71</b>                   |
|  |    | <b>Expeses by Sub-object</b>                                       |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  | SACS Object | FUNC      | UNAATED ACTUALS AS OF<br>JUNE 30 2015 |
|  | 1) | <b>Certificated Salaries</b>                                       |             |           |                                       |
|  |    | Teachers' Salaries   | 1100        | 1000      | 585,202.40                            |
|  |    | Pupil Support Salaries   | 1200        | 3110/3140 | -                                     |
|  |    | Librarians   | 1200        | 2420      | -                                     |
|  |    | Supervisors' and Administrators' Salaries                          | 1300        | 2700      | 134,520.00                            |
|  |    | Guidance, Welfare, & Counseling Services                           | 1200        | 3110      | -                                     |
|  |    | Physical/Mental, Health Services                                   | 1200        | 3140      | -                                     |
|  |    | Other Certificated Salaries  | 1900        | 2100      | -                                     |
|  |    | <b>TOTAL CERTIFICATED SALARIES</b>                                 |             |           | <b>719,722.40</b>                     |
|  | 2) | <b>Classified Salaries</b>   |             |           |                                       |
|  |    | Classified Instructional Salaries                                  | 2100        | 1000      | -                                     |
|  |    | Classified Supervisors' and Administrators' Salaries               | 2300        | 2100      | -                                     |
|  |    | Clerical, Technical and Office Salaries                            | 2400        | 2700      | 31,763.00                             |
|  |    | Classified Transportation Salaries                                 | 2200        | 3600      | -                                     |
|  |    | Classified Food Services Salaries                                  | 2200        | 3700      | -                                     |
|  |    | Classified Maintenance & Operations                                | 2200        | 8100      | -                                     |
|  |    | Other Classified   | 2900        | 2100      | -                                     |
|  |    | <b>TOTAL CLASSIFIED SALARIES</b>                                   |             |           | <b>31,763.00</b>                      |
|  | 3) | <b>Employee Benefits</b>   |             |           |                                       |
|  |    | EE Ben - STRS - Certificated                                       |             |           | 59,297.00                             |
|  |    | EE Ben - STRS - Certificated - Instruction                         | 3101        | 1000      | 59,297.00                             |
|  |    | EE Ben - STRS - Certificated - Instructional Supv and Adm          | 3101        | 2100      | -                                     |
|  |    | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec | 3101        | 2420      | -                                     |
|  |    | EE Ben - STRS - Certificated - School Administration               | 3101        | 2700      | -                                     |
|  |    | EE Ben - STRS - Certificated - Guidance & Counseling Services      | 3101        | 3110      | -                                     |
|  |    | EE Ben - STRS - Certificated - Health Services                     | 3101        | 3140      | -                                     |
|  |    | EE Ben - STRS - Certificated - Other General Admin                 | 3101        | 2100      | -                                     |
|  |    |  |             |           |                                       |
|  |    | EE Ben - STRS - Classified   |             |           | -                                     |
|  |    | EE Ben - STRS - Classified - Instruction                           | 3102        | 1000      | -                                     |
|  |    | EE Ben - STRS - Classified - Instructional Supv and Adm            | 3102        | 2100      | -                                     |

|  |  |   |      |      |  |                  |
|--|--|---|------|------|--|------------------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -                |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -                |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -                |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -                |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | -                |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -                |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -                |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -                |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | -                |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -                |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -                |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - PERS - Classified  |      |      |  | <b>3,739.00</b>  |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | -                |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -                |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | <b>3,739.00</b>  |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -                |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -                |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -                |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -                |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | <b>3,648.00</b>  |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | <b>3,648.00</b>  |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -                |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | <b>15,391.00</b> |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | <b>15,391.00</b> |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -                |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | <b>3,000.00</b>  |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | <b>3,000.00</b>  |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -                |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -                |
|  |  |   |      |      |  |                  |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -                |

|  |  |  |      |      |  |           |
|--|--|--|------|------|--|-----------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | 90,000.00 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 90,000.00 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | 9,948.00  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 9,948.00  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | 278.00    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 278.00    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | 102.00    |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 102.00    |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | 6,792.00  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 6,792.00  |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | 1,200.00  |



|  |    |  |      |      |                   |
|--|----|--|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 | 1,200.00          |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      | 4,112.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 | 4,112.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      | 1,200.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 | 1,200.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      | <b>198,707.00</b> |
|  |    |  |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 | 20,258.00         |
|  |    | Books and Other Reference Materials  | 4200 | 1000 | 11,640.00         |
|  |    | Materials and Supplies   | 4300 | 1000 | 19,308.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 | -                 |
|  |    | Other Supplies   | 4300 | 2700 | 24,540.00         |
|  |    | Pupil Transportation   | 4300 | 3600 | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 | 52,263.00         |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      | <b>128,009.00</b> |
|  |    |  |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |                   |
|  |    | Personal Services  | 5800 | 2700 | -                 |
|  |    | Travel and Conference  | 5200 | 2700 | 1,766.00          |
|  |    | Due and Memberships  | 5300 | 7200 | 3,448.00          |
|  |    | Insurance  | 5400 | 7200 | 13,445.00         |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | 5,290.00            |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 149,014.00          |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 534,917.04          |
|  |    | Communications   | 5900      | 8100 |  | 6,091.00            |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>713,971.04</b>   |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 6,284.00            |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>6,284.00</b>     |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 17,012.99           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>1,815,469.43</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-5**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1801201 | Magnolia Science Academy 5  |  |                     | 1801201               |  |  | -                        |
|---------|---|--|---------------------|-----------------------|--|--|--------------------------|
|         | <b>FI CHARTER SCHOOL - FUND 62</b>                                    |  |                     |                       |  |  |                          |
|         | <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |  |                     |                       |  |  |                          |
|         | <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |  |                     |                       |  |  |                          |
|         |   |  |                     |                       |  |  | <b>UNAUDITED ACTUALS</b> |
|         | <b>ASSETS</b>   |  | <b>Object Codes</b> | <b>Resource Codes</b> |  |  | <b>AS OF 6/30/15</b>     |
|         | Cash  |  |                     |                       |  |  |                          |
|         | a) In County Treasury   |  | 9110                |                       |  |  | -                        |
|         | 1) Fair Value Adjustment to Cash in County Treasury                   |  | 9111                |                       |  |  | -                        |
|         | b) In Banks   |  | 9120                |                       |  |  | 925,100.00               |
|         | c) In Revolving Fund  |  | 9130                |                       |  |  | -                        |
|         | d) with Fiscal Agent  |  | 9135                |                       |  |  | -                        |
|         | e) collection awaiting deposit  |  | 9140                |                       |  |  | -                        |
|         | Investments   |  | 9150                |                       |  |  | -                        |
|         | Accounts Receivable(Includes Pledges)                                 |  | 9200                |                       |  |  | 65,721.00                |
|         | Due from Grantor Government   |  | 9290                |                       |  |  | -                        |
|         | Stores  |  | 9320                |                       |  |  | -                        |
|         | Prepaid Expenditures  |  | 9330                |                       |  |  | 180,693.00               |
|         | Other Current   |  | 9340                |                       |  |  | -                        |
|         | Fixed Assets:   |  |                     |                       |  |  |                          |
|         | a) Land   |  | 9410                |                       |  |  | -                        |
|         | b) Land Improvements  |  | 9420                |                       |  |  | -                        |
|         | c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |  | 9425                |                       |  |  | -                        |
|         | d) Buildings  |  | 9430                |                       |  |  | -                        |
|         | e) <b>Less - Accumulated Depreciation-Buildings</b>                   |  | 9435                |                       |  |  | -                        |
|         | f) Equipment  |  | 9440                |                       |  |  | -                        |
|         | g) <b>Less - Accumulated Depreciation-Equipment</b>                   |  | 9445                |                       |  |  | -                        |
|         | h) Work in Progress   |  | 9450                |                       |  |  | -                        |
|         |   |  |                     |                       |  |  | 28,207.00                |
|         | <b>TOTAL ASSETS</b>   |  |                     |                       |  |  | <b>1,199,721.00</b>      |
|         | <b>LIABILITIES</b>  |  |                     |                       |  |  |                          |
|         | Accounts Payable  |  | 9500                |                       |  |  | 308,350.00               |
|         | Due to Grantor Governments  |  | 9590                |                       |  |  | -                        |
|         | Current Loans   |  | 9640                |                       |  |  | 739.86                   |
|         | Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |  | 9650                |                       |  |  | -                        |
|         | Long-Term Liabilities:  |  |                     |                       |  |  |                          |
|         | Other Postemployment Benefits   |  | 9664                |                       |  |  | -                        |
|         | Compensated Absences  |  | 9665                |                       |  |  | -                        |
|         | COPs Payable  |  | 9666                |                       |  |  | -                        |
|         | Capital Leases Payable  |  | 9667                |                       |  |  | -                        |
|         | Lease Revenue Bonds Payable   |  | 9668                |                       |  |  | -                        |
|         | Other General Long-Term Debt  |  | 9669                |                       |  |  | -                        |
|         | <b>TOTAL LIABILITIES</b>  |  |                     |                       |  |  | <b>309,089.86</b>        |
|         | <b>NET POSITION, June 30</b>  |  |                     |                       |  |  | <b>890,631.14</b>        |

|   |    |   |  |  |                       |  |                        |
|---|----|---|--|--|-----------------------|--|------------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                      |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  |                        |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                        |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                        |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                        |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  | <b>UNAUTED ACTUALS</b> |
|   |    |   |  |  |                       |  | <b>AS OF 6/30/15</b>   |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 780,024.00             |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 78,760.91              |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 143,106.01             |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 17,933.00              |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>1,019,823.92</b>    |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 400,508.00             |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 58,596.00              |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 123,011.00             |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 36,655.00              |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  | 384,903.92             |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 7,232.00               |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                      |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 7,800.48               |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>1,018,706.40</b>    |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>1,117.52</b>        |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                        |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                        |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                        |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                        |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                      |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                      |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                      |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | <b>-</b>               |

|   |  |                    |                      |                          |
|---|--|--------------------|----------------------|--------------------------|
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b> |  |                    |                      | <b>1,117.52</b>          |
| <b>F. NET POSITION</b>                            |  |                    |                      |                          |
| 1)  | Beginning Net Position   |                    |                      |                          |
|   | a) As of June 30 - Unaudited                                   | 9791               |                      | 900,877.62               |
|   | b) Audit Adjustments   | 9793               |                      | (11,364.00)              |
|   | d) Other Restatements  | 9795               |                      | -                        |
|   | e) Adjusted Beginning Net Position                             |                    |                      | <b>889,513.62</b>        |
| 2)  | <b>Ending Net Position, June 30</b>                            |                    |                      | <b>890,631.14</b>        |
|   | a) Net Investment in Capital Assets                            | 9796               |                      | -                        |
|   | b) Restricted Net Position                                     | 9797               |                      | -                        |
|   | c) Unrestricted Net Position                                   | 9790               |                      | <b>890,631.14</b>        |
|   |  |                    |                      | <b>UNAUDITED ACTUALS</b> |
| <b>Revenues (DETAILS)</b>                         |  | <b>SACS Object</b> | <b>Resource Code</b> | <b>AS OF 6/30/15</b>     |
| 1)  | Revenue Limit Sources  |                    |                      |                          |
|   | Principal Apportionment  |                    |                      |                          |
|   | General Purpose Entitlement-Net State Aid                      | 8011               | 0000                 | 457,859.00               |
|   | State Aid - PY adjustments                                     | 8019               | 0000                 | (8,434.00)               |
|   | Education Protection Account (EPA)                             | 8012               | 1400                 | 152,531.00               |
|   | Revenue Limit Transfers  |                    |                      |                          |
|   | Unrestricted Revenue Limit Transfers - Current Year            | 8091               | 0000                 |                          |
|   | All Other Revenue Limit Transfer- Current Year                 | 8091               | 0000                 |                          |
|   | Transfers to Charter Schools in lieu of Property Taxes         | 8096               | 0000                 | 169,658.00               |
|   | In Lieu of PropTax - PY adjustments                            | 8096               | 0000                 | 8,410.00                 |
|   | Property Taxes Transfers                                       | 8097               | 0000                 | -                        |
|   | Revenue Limit Transfers - Prior Years                          | 8099               | 0000                 | -                        |
|   | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |                    |                      | <b>780,024.00</b>        |
| 2)  | <b>Federal Revenue</b>   |                    |                      |                          |
|   | Special Ed: IDEA Basic Local Assistance - CY                   | 8181               | 3310                 | 19,627.38                |
|   | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181               | 3310                 | 99.53                    |
|   | Special Education Discretionary Grants                         | 8182               | 3310                 | -                        |
|   | Breakfast, Milk, Pregnant & Lactating Students                 | 8220               | 5310                 | -                        |
|   | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290               | 3010                 | 57,684.00                |
|   | NCLB: T1,Part A Basic School Support                           | 8290               | 3020                 | -                        |
|   | NCLB: Title I, Part D, Local Delinquent Programs               | 8290               | 3025                 | -                        |
|   | Carl D. Perkins Career & Technical Education :Secondary        | 8290               | 3550                 | -                        |
|   | NCLB:TII, Part A, Teacher Quality                              | 8290               | 4035                 | 1,350.00                 |
|   | NCLB:TII, Part A, Administrator Training                       | 8290               | 4036                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290               | 4045                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290               | 4046                 |                          |
|   | NCLB:TIII,Immigrant Education Program                          | 8290               | 4201                 | -                        |
|   | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290               | 4203                 |                          |
|   | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290               | 4610                 | -                        |
|   | Other Federal Revenues:  | 8290               | 5810                 | -                        |
|   | Others (please insert description below)                       |                    |                      | -                        |



|  |    |  |             |           |                                       |
|--|----|--|-------------|-----------|---------------------------------------|
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    | Tuition  | 8710        | 0000      |                                       |
|  |    | All Other Transfers In   | 8781-8783   | 0000      |                                       |
|  |    | Transfers of Apportionments  |             |           |                                       |
|  |    | Special Education SELPA Transfers                                  |             |           |                                       |
|  |    | From Districts or Charter Schools                                  | 8791        | 6500      | -                                     |
|  |    | From County Offices  | 8792        | 6500      |                                       |
|  |    | From JPAs  | 8793        | 6500      |                                       |
|  |    | Other Transfers of Apportionments                                  |             |           |                                       |
|  |    | From Districts or Charter Schools                                  | 8791        | 0000      |                                       |
|  |    | From County Offices  | 8792        | 0000      |                                       |
|  |    | From JPAs  | 8793        | 0000      |                                       |
|  |    | All Other Transfers in from All Others                             | 8799        | 0000      |                                       |
|  |    | <b>TOTAL OTHER LOCAL REVENUE</b>                                   |             |           | <b>17,933.00</b>                      |
|  |    |  |             |           |                                       |
|  |    | <b>TOTAL REVENUES</b>  |             |           | <b>1,019,823.92</b>                   |
|  |    |  |             |           |                                       |
|  |    | <b>Expeses by Sub-object</b>                                       |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  |             |           |                                       |
|  |    |  | SACS Object | FUNC      | UNAUTED ACTUALS AS OF<br>JUNE 30 2015 |
|  | 1) | <b>Certificated Salaries</b>                                       |             |           |                                       |
|  |    | Teachers' Salaries   | 1100        | 1000      | 264,733.00                            |
|  |    | Pupil Support Salaries   | 1200        | 3110/3140 | -                                     |
|  |    | Librarians   | 1200        | 2420      | -                                     |
|  |    | Supervisors' and Administrators' Salaries                          | 1300        | 2700      | 135,775.00                            |
|  |    | Guidance, Welfare, & Counseling Services                           | 1200        | 3110      | -                                     |
|  |    | Physical/Mental, Health Services                                   | 1200        | 3140      | -                                     |
|  |    | Other Certificated Salaries  | 1900        | 2100      | -                                     |
|  |    | <b>TOTAL CERTIFICATED SALARIES</b>                                 |             |           | <b>400,508.00</b>                     |
|  |    |  |             |           |                                       |
|  | 2) | <b>Classified Salaries</b>   |             |           |                                       |
|  |    | Classified Instructional Salaries                                  | 2100        | 1000      | -                                     |
|  |    | Classified Supervisors' and Administrators' Salaries               | 2300        | 2100      | -                                     |
|  |    | Clerical, Technical and Office Salaries                            | 2400        | 2700      | 37,340.00                             |
|  |    | Classified Transportation Salaries                                 | 2200        | 3600      | -                                     |
|  |    | Classified Food Services Salaries                                  | 2200        | 3700      | -                                     |
|  |    | Classified Maintenance & Operations                                | 2200        | 8100      | -                                     |
|  |    | Other Classified   | 2900        | 2100      | 21,256.00                             |
|  |    | <b>TOTAL CLASSIFIED SALARIES</b>                                   |             |           | <b>58,596.00</b>                      |
|  |    |  |             |           |                                       |
|  | 3) | <b>Employee Benefits</b>   |             |           |                                       |
|  |    | EE Ben - STRS - Certificated                                       |             |           | 31,369.00                             |
|  |    | EE Ben - STRS - Certificated - Instruction                         | 3101        | 1000      | 31,369.00                             |
|  |    | EE Ben - STRS - Certificated - Instructional Supv and Adm          | 3101        | 2100      | -                                     |
|  |    | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec | 3101        | 2420      | -                                     |
|  |    | EE Ben - STRS - Certificated - School Administration               | 3101        | 2700      | -                                     |
|  |    | EE Ben - STRS - Certificated - Guidance & Counseling Services      | 3101        | 3110      | -                                     |
|  |    | EE Ben - STRS - Certificated - Health Services                     | 3101        | 3140      | -                                     |
|  |    | EE Ben - STRS - Certificated - Other General Admin                 | 3101        | 2100      | -                                     |
|  |    |  |             |           |                                       |
|  |    | EE Ben - STRS - Classified   |             |           | -                                     |
|  |    | EE Ben - STRS - Classified - Instruction                           | 3102        | 1000      | -                                     |
|  |    | EE Ben - STRS - Classified - Instructional Supv and Adm            | 3102        | 2100      | -                                     |



|  |  |   |      |      |  |                 |
|--|--|---|------|------|--|-----------------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -               |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -               |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -               |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -               |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | -               |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -               |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -               |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -               |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | -               |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -               |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -               |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - PERS - Classified  |      |      |  | <b>3,898.00</b> |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | -               |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -               |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | <b>3,898.00</b> |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -               |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -               |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -               |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -               |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | <b>3,000.00</b> |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -               |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | -               |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | <b>3,000.00</b> |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -               |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -               |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -               |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | <b>8,308.00</b> |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | 8,308.00        |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | -               |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -               |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | -               |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -               |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -               |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | <b>1,682.00</b> |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -               |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -               |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | <b>1,682.00</b> |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -               |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -               |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -               |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -               |
|  |  |   |      |      |  |                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -               |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -               |

|  |  |  |      |      |  |                  |
|--|--|--|------|------|--|------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>58,434.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 58,434.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>6,492.00</b>  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 6,492.00         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | <b>200.00</b>    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 200.00           |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>32.00</b>     |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 32.00            |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | <b>3,730.00</b>  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 3,730.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>414.00</b>    |

|  |    |  |      |      |                   |
|--|----|--|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 | 414.00            |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      | 4,900.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 | 4,900.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      | 552.00            |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 | 552.00            |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      | <b>123,011.00</b> |
|  |    |  |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 | -                 |
|  |    | Books and Other Reference Materials  | 4200 | 1000 | 1,344.00          |
|  |    | Materials and Supplies   | 4300 | 1000 | 17,007.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 | -                 |
|  |    | Other Supplies   | 4300 | 2700 | 2,058.00          |
|  |    | Pupil Transportation   | 4300 | 3600 | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 | 16,246.00         |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      | <b>36,655.00</b>  |
|  |    |  |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |                   |
|  |    | Personal Services  | 5800 | 2700 | -                 |
|  |    | Travel and Conference  | 5200 | 2700 | 2,034.00          |
|  |    | Due and Memberships  | 5300 | 7200 | 2,257.00          |
|  |    | Insurance  | 5400 | 7200 | 5,275.00          |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | -                   |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 102,940.00          |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 267,163.92          |
|  |    | Communications   | 5900      | 8100 |  | 5,234.00            |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>384,903.92</b>   |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 7,232.00            |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>7,232.00</b>     |
|  |    |  |           |      |  |                     |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 7,800.48            |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>1,018,706.40</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-6**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1801301 | Magnolia Science Academy 6  |  |                     | 1801301               |  |  | -                        |
|---------|---|--|---------------------|-----------------------|--|--|--------------------------|
|         | <b>FI CHARTER SCHOOL - FUND 62</b>                                    |  |                     |                       |  |  |                          |
|         | <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |  |                     |                       |  |  |                          |
|         | <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |  |                     |                       |  |  |                          |
|         |   |  |                     |                       |  |  | <b>UNAUDITED ACTUALS</b> |
|         | <b>ASSETS</b>   |  | <b>Object Codes</b> | <b>Resource Codes</b> |  |  | <b>AS OF 6/30/15</b>     |
|         | Cash  |  |                     |                       |  |  |                          |
|         | a) In County Treasury   |  | 9110                |                       |  |  | -                        |
|         | 1) Fair Value Adjustment to Cash in County Treasury                   |  | 9111                |                       |  |  | -                        |
|         | b) In Banks   |  | 9120                |                       |  |  | 806,784.69               |
|         | c) In Revolving Fund  |  | 9130                |                       |  |  | -                        |
|         | d) with Fiscal Agent  |  | 9135                |                       |  |  | -                        |
|         | e) collection awaiting deposit  |  | 9140                |                       |  |  | -                        |
|         | Investments   |  | 9150                |                       |  |  | -                        |
|         | Accounts Receivable(Includes Pledges)                                 |  | 9200                |                       |  |  | 229,670.00               |
|         | Due from Grantor Government   |  | 9290                |                       |  |  | -                        |
|         | Stores  |  | 9320                |                       |  |  | -                        |
|         | Prepaid Expenditures  |  | 9330                |                       |  |  | 8,000.00                 |
|         | Other Current   |  | 9340                |                       |  |  | -                        |
|         | Fixed Assets:   |  |                     |                       |  |  |                          |
|         | a) Land   |  | 9410                |                       |  |  | -                        |
|         | b) Land Improvements  |  | 9420                |                       |  |  | -                        |
|         | c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |  | 9425                |                       |  |  | -                        |
|         | d) Buildings  |  | 9430                |                       |  |  | -                        |
|         | e) <b>Less - Accumulated Depreciation-Buildings</b>                   |  | 9435                |                       |  |  | -                        |
|         | f) Equipment  |  | 9440                |                       |  |  | -                        |
|         | g) <b>Less - Accumulated Depreciation-Equipment</b>                   |  | 9445                |                       |  |  | -                        |
|         | h) Work in Progress   |  | 9450                |                       |  |  | -                        |
|         | <b>TOTAL ASSETS</b>   |  |                     |                       |  |  | <b>1,044,454.69</b>      |
|         | <b>LIABILITIES</b>  |  |                     |                       |  |  |                          |
|         | Accounts Payable  |  | 9500                |                       |  |  | 375,287.00               |
|         | Due to Grantor Governments  |  | 9590                |                       |  |  | -                        |
|         | Current Loans   |  | 9640                |                       |  |  | 183,731.00               |
|         | Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |  | 9650                |                       |  |  | -                        |
|         | Long-Term Liabilities:  |  |                     |                       |  |  |                          |
|         | Other Postemployment Benefits   |  | 9664                |                       |  |  | -                        |
|         | Compensated Absences  |  | 9665                |                       |  |  | -                        |
|         | COPs Payable  |  | 9666                |                       |  |  | -                        |
|         | Capital Leases Payable  |  | 9667                |                       |  |  | -                        |
|         | Lease Revenue Bonds Payable   |  | 9668                |                       |  |  | -                        |
|         | Other General Long-Term Debt  |  | 9669                |                       |  |  | -                        |
|         | <b>TOTAL LIABILITIES</b>  |  |                     |                       |  |  | <b>559,018.00</b>        |
|         | <b>NET POSITION, June 30</b>  |  |                     |                       |  |  | <b>485,436.69</b>        |

|   |    |   |  |  |                       |  |                        |
|---|----|---|--|--|-----------------------|--|------------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                      |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  |                        |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                        |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                        |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                        |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  | <b>UNAUTED ACTUALS</b> |
|   |    |   |  |  |                       |  | <b>AS OF 6/30/15</b>   |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 1,155,329.00           |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 104,470.06             |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 203,448.04             |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 30,257.00              |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>1,493,504.10</b>    |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 454,676.00             |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 53,851.00              |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 149,574.00             |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 76,722.00              |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  | 317,692.10             |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 8,461.00               |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                      |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 11,553.31              |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>1,072,529.41</b>    |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>420,974.69</b>      |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                        |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                        |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                        |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                        |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                      |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                      |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                      |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | <b>-</b>               |

|   |  |                    |                      |                          |
|---|--|--------------------|----------------------|--------------------------|
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b> |  |                    |                      | <b>420,974.69</b>        |
| <b>F. NET POSITION</b>                            |  |                    |                      |                          |
| 1)  | Beginning Net Position   |                    |                      |                          |
|   | a) As of June 30 - Unaudited                                   | 9791               |                      | 70,336.00                |
|   | b) Audit Adjustments   | 9793               |                      | (5,874.00)               |
|   | d) Other Restatements  | 9795               |                      | -                        |
|   | e) Adjusted Beginning Net Position                             |                    |                      | <b>64,462.00</b>         |
| 2)  | <b>Ending Net Position, June 30</b>                            |                    |                      | <b>485,436.69</b>        |
|   | a) Net Investment in Capital Assets                            | 9796               |                      | -                        |
|   | b) Restricted Net Position                                     | 9797               |                      | -                        |
|   | c) Unrestricted Net Position                                   | 9790               |                      | <b>485,436.69</b>        |
|   |  |                    |                      | <b>UNAUDITED ACTUALS</b> |
| <b>Revenues (DETAILS)</b>                         |  | <b>SACS Object</b> | <b>Resource Code</b> | <b>AS OF 6/30/15</b>     |
| 1)  | Revenue Limit Sources  |                    |                      |                          |
|   | Principal Apportionment  |                    |                      |                          |
|   | General Purpose Entitlement-Net State Aid                      | 8011               | 0000                 | 665,057.00               |
|   | State Aid - PY adjustments                                     | 8019               | 0000                 | (5,158.00)               |
|   | Education Protection Account (EPA)                             | 8012               | 1400                 | 226,305.00               |
|   | Revenue Limit Transfers  |                    |                      |                          |
|   | Unrestricted Revenue Limit Transfers - Current Year            | 8091               | 0000                 |                          |
|   | All Other Revenue Limit Transfer- Current Year                 | 8091               | 0000                 |                          |
|   | Transfers to Charter Schools in lieu of Property Taxes         | 8096               | 0000                 | 263,969.00               |
|   | In Lieu of PropTax - PY adjustments                            | 8096               | 0000                 | 5,156.00                 |
|   | Property Taxes Transfers                                       | 8097               | 0000                 | -                        |
|   | Revenue Limit Transfers - Prior Years                          | 8099               | 0000                 | -                        |
|   | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |                    |                      | <b>1,155,329.00</b>      |
| 2)  | <b>Federal Revenue</b>   |                    |                      |                          |
|   | Special Ed: IDEA Basic Local Assistance - CY                   | 8181               | 3310                 | 30,538.04                |
|   | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181               | 3310                 | 61.02                    |
|   | Special Education Discretionary Grants                         | 8182               | 3310                 | -                        |
|   | Breakfast, Milk, Pregnant & Lactating Students                 | 8220               | 5310                 | 35,527.00                |
|   | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290               | 3010                 | 38,040.00                |
|   | NCLB: T1,Part A Basic School Support                           | 8290               | 3020                 | -                        |
|   | NCLB: Title I, Part D, Local Delinquent Programs               | 8290               | 3025                 | -                        |
|   | Carl D. Perkins Career & Technical Education :Secondary        | 8290               | 3550                 | -                        |
|   | NCLB:TII, Part A, Teacher Quality                              | 8290               | 4035                 | 304.00                   |
|   | NCLB:TII, Part A, Administrator Training                       | 8290               | 4036                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290               | 4045                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290               | 4046                 |                          |
|   | NCLB:TIII,Immigrant Education Program                          | 8290               | 4201                 | -                        |
|   | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290               | 4203                 |                          |
|   | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290               | 4610                 | -                        |
|   | Other Federal Revenues:  | 8290               | 5810                 | -                        |
|   | Others (please insert description below)                       |                    |                      | -                        |





| Tuition                                |  | 8710      | 0000        |      |  |                                    |
|--|--|-----------|-------------|------|--|------------------------------------|
| All Other Transfers In                 |  | 8781-8783 | 0000        |      |  |                                    |
| Transfers of Apportionments            |  |           |             |      |  |                                    |
| Special Education SELPA Transfers      |  |           |             |      |  |                                    |
| From Districts or Charter Schools      |  | 8791      | 6500        |      |  | -                                  |
| From County Offices                    |  | 8792      | 6500        |      |  |                                    |
| From JPAs                              |  | 8793      | 6500        |      |  |                                    |
| Other Transfers of Apportionments      |  |           |             |      |  |                                    |
| From Districts or Charter Schools      |  | 8791      | 0000        |      |  |                                    |
| From County Offices                    |  | 8792      | 0000        |      |  |                                    |
| From JPAs                              |  | 8793      | 0000        |      |  |                                    |
| All Other Transfers in from All Others |  | 8799      | 0000        |      |  |                                    |
| <b>TOTAL OTHER LOCAL REVENUE</b>       |  |           |             |      |  | <b>30,257.00</b>                   |
| <b>TOTAL REVENUES</b>                  |  |           |             |      |  | <b>1,493,504.10</b>                |
| <b>Expeses by Sub-object</b>           |  |           |             |      |  |                                    |
|  |  |           | SACS Object | FUNC |  | UNAUTED ACTUALS AS OF JUNE 30 2015 |
| 1)                                     | <b>Certificated Salaries</b>                                       |           |             |      |  |                                    |
|  | Teachers' Salaries   | 1100      | 1000        |      |  | 324,468.00                         |
|  | Pupil Support Salaries   | 1200      | 3110/3140   |      |  | -                                  |
|  | Librarians   | 1200      | 2420        |      |  | -                                  |
|  | Supervisors' and Administrators' Salaries                          | 1300      | 2700        |      |  | 130,208.00                         |
|  | Guidance, Welfare, & Counseling Services                           | 1200      | 3110        |      |  | -                                  |
|  | Physical/Mental, Health Services                                   | 1200      | 3140        |      |  | -                                  |
|  | Other Certificated Salaries  | 1900      | 2100        |      |  | -                                  |
|  | <b>TOTAL CERTIFICATED SALARIES</b>                                 |           |             |      |  | <b>454,676.00</b>                  |
| 2)                                     | <b>Classified Salaries</b>   |           |             |      |  |                                    |
|  | Classified Instructional Salaries                                  | 2100      | 1000        |      |  | -                                  |
|  | Classified Supervisors' and Administrators' Salaries               | 2300      | 2100        |      |  | -                                  |
|  | Clerical, Technical and Office Salaries                            | 2400      | 2700        |      |  | 34,154.00                          |
|  | Classified Transportation Salaries                                 | 2200      | 3600        |      |  | -                                  |
|  | Classified Food Services Salaries                                  | 2200      | 3700        |      |  | -                                  |
|  | Classified Maintenance & Operations                                | 2200      | 8100        |      |  | -                                  |
|  | Other Classified   | 2900      | 2100        |      |  | 19,697.00                          |
|  | <b>TOTAL CLASSIFIED SALARIES</b>                                   |           |             |      |  | <b>53,851.00</b>                   |
| 3)                                     | <b>Employee Benefits</b>   |           |             |      |  |                                    |
|  | EE Ben - STRS - Certificated                                       |           |             |      |  | 35,864.00                          |
|  | EE Ben - STRS - Certificated - Instruction                         | 3101      | 1000        |      |  | 35,864.00                          |
|  | EE Ben - STRS - Certificated - Instructional Supv and Adm          | 3101      | 2100        |      |  | -                                  |
|  | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec | 3101      | 2420        |      |  | -                                  |
|  | EE Ben - STRS - Certificated - School Administration               | 3101      | 2700        |      |  | -                                  |
|  | EE Ben - STRS - Certificated - Guidance & Counseling Services      | 3101      | 3110        |      |  | -                                  |
|  | EE Ben - STRS - Certificated - Health Services                     | 3101      | 3140        |      |  | -                                  |
|  | EE Ben - STRS - Certificated - Other General Admin                 | 3101      | 2100        |      |  | -                                  |
|  | EE Ben - STRS - Classified   |           |             |      |  | -                                  |
|  | EE Ben - STRS - Classified - Instruction                           | 3102      | 1000        |      |  | -                                  |
|  | EE Ben - STRS - Classified - Instructional Supv and Adm            | 3102      | 2100        |      |  | -                                  |

|  |  |   |      |      |  |          |
|--|--|---|------|------|--|----------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -        |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -        |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -        |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -        |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | -        |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -        |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -        |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -        |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | -        |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -        |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -        |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - PERS - Classified  |      |      |  | 4,020.00 |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | -        |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -        |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | 4,020.00 |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -        |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -        |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -        |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -        |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | 3,934.00 |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -        |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | -        |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | 3,934.00 |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -        |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -        |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -        |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | 8,000.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | 8,000.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | -        |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -        |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | -        |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -        |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -        |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | 2,000.00 |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -        |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -        |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | 2,000.00 |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -        |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -        |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -        |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -        |
|  |  |   |      |      |  |          |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -        |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -        |

|  |  |  |      |      |  |           |
|--|--|--|------|------|--|-----------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | 73,831.00 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 73,831.00 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | 8,203.00  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 8,203.00  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | 201.00    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 201.00    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | 55.00     |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 55.00     |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -         |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -         |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -         |
|  |  |  |      |      |  |           |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | 4,605.00  |

|  |    |  |      |      |  |                   |
|--|----|--|------|------|--|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 |  | 4,605.00          |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 |  | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      |  | 511.00            |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 |  | 511.00            |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 |  | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 |  | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      |  | 7,515.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 |  | 7,515.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      |  | 835.00            |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 |  | 835.00            |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 |  | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 |  | -                 |
|  |    |  |      |      |  |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      |  | <b>149,574.00</b> |
|  |    |  |      |      |  |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |  |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 |  | 9,098.00          |
|  |    | Books and Other Reference Materials  | 4200 | 1000 |  | 7,477.00          |
|  |    | Materials and Supplies   | 4300 | 1000 |  | 16,365.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 |  | -                 |
|  |    | Other Supplies   | 4300 | 2700 |  | 13,548.00         |
|  |    | Pupil Transportation   | 4300 | 3600 |  | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 |  | 30,234.00         |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      |  | <b>76,722.00</b>  |
|  |    |  |      |      |  |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |  |                   |
|  |    | Personal Services  | 5800 | 2700 |  | -                 |
|  |    | Travel and Conference  | 5200 | 2700 |  | 1,916.00          |
|  |    | Due and Memberships  | 5300 | 7200 |  | 3,118.00          |
|  |    | Insurance  | 5400 | 7200 |  | 8,486.00          |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | 8,597.00            |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 104,548.00          |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 182,549.10          |
|  |    | Communications   | 5900      | 8100 |  | 8,478.00            |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>317,692.10</b>   |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 8,461.00            |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>8,461.00</b>     |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 11,553.31           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>1,072,529.41</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-7**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1801401   | Magnolia Science Academy 7 |  |                     | 1801401                   |                      |  | -                            |
|---|----------------------------|--|---------------------|---------------------------|----------------------|--|------------------------------|
| <b>FI CHARTER SCHOOL - FUND 62</b>                                    |                            |  |                     |                           |                      |  |                              |
| <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |                            |  |                     |                           |                      |  |                              |
| <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |                            |  |                     |                           |                      |  |                              |
|   |                            |  |                     |                           |                      |  | <b>UNAUDITED<br/>ACTUALS</b> |
| <b>ASSETS</b>   |                            |  | <b>Object Codes</b> | <b>Resource<br/>Codes</b> | <b>AS OF 6/30/15</b> |  |                              |
| Cash  |                            |  |                     |                           |                      |  |                              |
| a) In County Treasury   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9110                |                           |                      |  | -                            |
| 1) Fair Value Adjustment to Cash in County Treasury                   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9111                |                           |                      |  | -                            |
| b) In Banks   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9120                |                           |                      |  | 925,689.00                   |
| c) In Revolving Fund  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9130                |                           |                      |  | -                            |
| d) with Fiscal Agent  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9135                |                           |                      |  | -                            |
| e) collection awaiting deposit  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9140                |                           |                      |  | -                            |
| Investments   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9150                |                           |                      |  | -                            |
| Accounts Receivable(Includes Pledges)                                 |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9200                |                           |                      |  | 491,451.00                   |
| Due from Grantor Government   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9290                |                           |                      |  | -                            |
| Stores  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9320                |                           |                      |  | -                            |
| Prepaid Expenditures  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9330                |                           |                      |  | 137,118.00                   |
| Other Current   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9340                |                           |                      |  | -                            |
| Fixed Assets:   |                            |  |                     |                           |                      |  |                              |
| a) Land   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9410                |                           |                      |  | -                            |
| b) Land Improvements  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9420                |                           |                      |  | -                            |
| c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9425                |                           |                      |  | -                            |
| d) Buildings  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9430                |                           |                      |  | -                            |
| e) <b>Less - Accumulated Depreciation-Buildings</b>                   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9435                |                           |                      |  | -                            |
| f) Equipment  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9440                |                           |                      |  | -                            |
| g) <b>Less - Accumulated Depreciation-Equipment</b>                   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9445                |                           |                      |  | -                            |
| h) Work in Progress   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9450                |                           |                      |  | 62,858.00                    |
| <b>TOTAL ASSETS</b>   |                            |  |                     |                           |                      |  | <b>1,617,116.00</b>          |
| <b>LIABILITIES</b>  |                            |  |                     |                           |                      |  |                              |
| Accounts Payable  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9500                |                           |                      |  | 857,182.21                   |
| Due to Grantor Governments  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9590                |                           |                      |  | -                            |
| Current Loans   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9640                |                           |                      |  | (2,090.00)                   |
| Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9650                |                           |                      |  | -                            |
| Long-Term Liabilities:  |                            |  |                     |                           |                      |  |                              |
| Other Postemployment Benefits   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9664                |                           |                      |  | -                            |
| Compensated Absences  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9665                |                           |                      |  | -                            |
| COPs Payable  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9666                |                           |                      |  | -                            |
| Capital Leases Payable  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9667                |                           |                      |  | -                            |
| Lease Revenue Bonds Payable   |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9668                |                           |                      |  | -                            |
| Other General Long-Term Debt  |                            |  |                     |                           |                      |  |                              |
|   |                            |  | 9669                |                           |                      |  | -                            |
| <b>TOTAL LIABILITIES</b>  |                            |  |                     |                           |                      |  | <b>855,092.21</b>            |
| <b>NET POSITION, June 30</b>  |                            |  |                     |                           |                      |  | <b>762,023.79</b>            |



|   |    |   |  |  |                       |  |                     |
|---|----|---|--|--|-----------------------|--|---------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                   |
|   |    |   |  |  |                       |  |                     |
|   |    |   |  |  |                       |  |                     |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                     |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                     |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                     |
|   |    |   |  |  |                       |  |                     |
|   |    |   |  |  |                       |  | UNAUTED ACTUALS     |
|   |    |   |  |  |                       |  | AS OF 6/30/15       |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 2,049,711.00        |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 246,530.63          |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 587,055.64          |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 60,292.00           |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>2,943,589.27</b> |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 736,143.00          |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 295,856.00          |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 251,582.00          |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 285,181.00          |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  | 1,177,218.64        |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 13,600.00           |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                   |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 20,497.14           |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>2,780,077.78</b> |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>163,511.49</b>   |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                     |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                     |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                     |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                     |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                     |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                   |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                   |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                   |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | -                   |

| E. NET INCREASE (DECREASE) IN NET POSITION |  |             |               | 163,511.49          |
|--|--|-------------|---------------|---------------------|
| F. NET POSITION                            |  |             |               |                     |
| 1)   | Beginning Net Position   |             |               |                     |
|  | a) As of June 30 - Unaudited                                   | 9791        |               | 598,512.30          |
|  | b) Audit Adjustments   | 9793        |               | -                   |
|  | d) Other Restatements  | 9795        |               | -                   |
|  | e) Adjusted Beginning Net Position                             |             |               | 598,512.30          |
| <b>2) Ending Net Position, June 30</b>     |  |             |               |                     |
|  |  |             |               | <b>762,023.79</b>   |
|  | a) Net Investment in Capital Assets                            | 9796        |               | -                   |
|  | b) Restricted Net Position                                     | 9797        |               | -                   |
|  | c) Unrestricted Net Position                                   | 9790        |               | <b>762,023.79</b>   |
|  |  |             |               |                     |
| <b>UNAUNTED ACTUALS</b>                    |  |             |               |                     |
|  |  |             |               |                     |
| Revenues (DETAILS)                         |  | SACS Object | Resource Code | AS OF 6/30/15       |
| 1)   | Revenue Limit Sources  |             |               |                     |
|  | Principal Apportionment  |             |               |                     |
|  | General Purpose Entitlement-Net State Aid                      | 8011        | 0000          | 1,202,444.00        |
|  | State Aid - PY adjustments                                     | 8019        | 0000          | (10,806.00)         |
|  | Education Protection Account (EPA)                             | 8012        | 1400          | 384,432.00          |
|  | Revenue Limit Transfers  |             |               |                     |
|  | Unrestricted Revenue Limit Transfers - Current Year            | 8091        | 0000          |                     |
|  | All Other Revenue Limit Transfer- Current Year                 | 8091        | 0000          |                     |
|  | Transfers to Charter Schools in lieu of Property Taxes         | 8096        | 0000          | 462,838.00          |
|  | In Lieu of PropTax - PY adjustments                            | 8096        | 0000          | 10,803.00           |
|  | Property Taxes Transfers                                       | 8097        | 0000          | -                   |
|  | Revenue Limit Transfers - Prior Years                          | 8099        | 0000          | -                   |
| <b>TOTAL REVENUE LIMIT SOURCES</b>         |  |             |               | <b>2,049,711.00</b> |
| 2)   | <b>Federal Revenue</b>   |             |               |                     |
|  | Special Ed: IDEA Basic Local Assistance - CY                   | 8181        | 3310          | 53,544.79           |
|  | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181        | 3310          | 127.84              |
|  | Special Education Discretionary Grants                         | 8182        | 3310          | -                   |
|  | Breakfast, Milk, Pregnant & Lactating Students                 | 8220        | 5310          | 112,142.00          |
|  | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290        | 3010          | 79,219.00           |
|  | NCLB: T1,Part A Basic School Support                           | 8290        | 3020          | -                   |
|  | NCLB: Title I, Part D, Local Delinquent Programs               | 8290        | 3025          | -                   |
|  | Carl D. Perkins Career & Technical Education :Secondary        | 8290        | 3550          | -                   |
|  | NCLB:TII, Part A, Teacher Quality                              | 8290        | 4035          | 1,171.00            |
|  | NCLB:TII, Part A, Administrator Training                       | 8290        | 4036          |                     |
|  | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290        | 4045          |                     |
|  | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290        | 4046          |                     |
|  | NCLB:TIII,Immigrant Education Program                          | 8290        | 4201          | 326.00              |
|  | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290        | 4203          |                     |
|  | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290        | 4610          | -                   |
|  | Other Federal Revenues:  | 8290        | 5810          | -                   |
|  |  |             |               | -                   |
|  |  |             |               | -                   |
|  |  |             |               | -                   |

|                                  |  |      |      |                   |
|----------------------------------|--|------|------|-------------------|
|                                  |  |      |      | -                 |
| <b>TOTAL FEDERAL REVENUE</b>     |  |      |      | <b>246,530.63</b> |
| 3)                               | <b>Other State Revenue</b>                               |      |      |                   |
|                                  | Other State Apportionments                               |      |      |                   |
|                                  | Special Education Master Plan                            |      |      |                   |
|                                  | Special Education AB602 - CY                             | 8311 | 6500 | 156,976.18        |
|                                  | Special Education AB602 - PY adjustments                 | 8311 | 6500 | 4,997.46          |
|                                  | All Special Ed Apportionments-Current Year               | 8311 | 6500 | -                 |
|                                  | Year Round School Incentive                              | 8425 | 0000 | -                 |
|                                  | Child Nutrition: School Program                          | 8520 | 5310 | 11,298.00         |
|                                  | Mandated Costs Reimbursement                             | 8550 | 0000 | -                 |
|                                  | State Lottery:Unrestricted CY                            | 8560 | 1100 | 45,867.00         |
|                                  | State Lottery:Unrestricted PY adjustments                | 8560 | 1100 | -                 |
|                                  | Lottery- Instructional Materials                         | 8560 | 6300 | 22,972.00         |
|                                  | After School Education and Safety (ASES)                 | 8590 | 6010 | 150,000.00        |
|                                  | Charter School Facility Grant                            | 8590 | 6030 | 171,448.00        |
|                                  | Quality Education Investment Act                         | 8590 | 7400 | -                 |
|                                  | Common Core Standards                                    | 8590 | 7405 | -                 |
|                                  | <u>All other State Revenues:</u>                         | 8590 | 7810 | 23,497.00         |
|                                  | Others (please insert description below)                 |      |      | -                 |
|                                  | MAndated Block Grant                                     |      |      | 23,497.00         |
|                                  |  |      |      |                   |
| <b>TOTAL OTHER STATE REVENUE</b> |  |      |      | <b>587,055.64</b> |
| 4)                               | <b>Other Local Revenues</b>                              |      |      |                   |
|                                  | Sales  |      |      |                   |
|                                  | Sale of Equipment/Supplies                               | 8631 | 0000 | -                 |
|                                  | Sale of Publications                                     | 8632 | 0000 | -                 |
|                                  | Food Service Sales                                       | 8634 | 5310 | -                 |
|                                  | Other Sales  | 8639 | 0000 | -                 |
|                                  | Leases & Rentals   | 8650 | 0000 | -                 |
|                                  | Interest   | 8660 | 0000 | -                 |
|                                  | Net Increase (Decrease) in the Fair Value of Investments | 8662 | 0000 | -                 |
|                                  | Fees and Contracts                                       |      |      |                   |
|                                  | Child Development Parent Fees                            | 8673 | 0000 |                   |
|                                  | Transportation Fees from Individuals                     | 8689 | 0000 |                   |
|                                  | Interagency Services                                     | 8677 | 0000 |                   |
|                                  | All Other Fees & Contracts                               | 8689 | 0000 |                   |
|                                  | <b>Other Local Revenues</b>                              | 8689 | 0000 | 60,292.00         |
|                                  | Grants/Donations   |      |      | 15,487.00         |
|                                  | Fund Raising/Others                                      |      |      | 27,308.00         |
|                                  | All Other Local  |      |      | 17,497.00         |
|                                  | Prior Year   |      |      | -                 |

|  |    | Tuition  | 8710        | 0000      |  |  |   |
|--|----|--|-------------|-----------|--|--|---|
|  |    | All Other Transfers In   | 8781-8783   | 0000      |  |  |   |
|  |    | Transfers of Apportionments  |             |           |  |  |   |
|  |    | Special Education SELPA Transfers                                  |             |           |  |  |   |
|  |    | From Districts or Charter Schools                                  | 8791        | 6500      |  |  | -   |
|  |    | From County Offices  | 8792        | 6500      |  |  |   |
|  |    | From JPAs  | 8793        | 6500      |  |  |   |
|  |    | Other Transfers of Apportionments                                  |             |           |  |  |   |
|  |    | From Districts or Charter Schools                                  | 8791        | 0000      |  |  |   |
|  |    | From County Offices  | 8792        | 0000      |  |  |   |
|  |    | From JPAs  | 8793        | 0000      |  |  |   |
|  |    | All Other Transfers in from All Others                             | 8799        | 0000      |  |  |   |
|  |    | <b>TOTAL OTHER LOCAL REVENUE</b>                                   |             |           |  |  | <b>60,292.00</b>                              |
|  |    |  |             |           |  |  |   |
|  |    | <b>TOTAL REVENUES</b>  |             |           |  |  | <b>2,943,589.27</b>                           |
|  |    |  |             |           |  |  |   |
|  |    | <b>Expeses by Sub-object</b>                                       |             |           |  |  |   |
|  |    |  |             |           |  |  |   |
|  |    |  |             |           |  |  |   |
|  |    |  | SACS Object | FUNC      |  |  | <b>UNAUTED ACTUALS AS OF<br/>JUNE 30 2015</b> |
|  | 1) | <b>Certificated Salaries</b>                                       |             |           |  |  |   |
|  |    | Teachers' Salaries   | 1100        | 1000      |  |  | 595,407.00                                    |
|  |    | Pupil Support Salaries   | 1200        | 3110/3140 |  |  | -   |
|  |    | Librarians   | 1200        | 2420      |  |  | -   |
|  |    | Supervisors' and Administrators' Salaries                          | 1300        | 2700      |  |  | 140,736.00                                    |
|  |    | Guidance, Welfare, & Counseling Services                           | 1200        | 3110      |  |  | -   |
|  |    | Physical/Mental, Health Services                                   | 1200        | 3140      |  |  | -   |
|  |    | Other Certificated Salaries  | 1900        | 2100      |  |  | -   |
|  |    | <b>TOTAL CERTIFICATED SALARIES</b>                                 |             |           |  |  | <b>736,143.00</b>                             |
|  |    |  |             |           |  |  |   |
|  | 2) | <b>Classified Salaries</b>   |             |           |  |  |   |
|  |    | Classified Instructional Salaries                                  | 2100        | 1000      |  |  | -   |
|  |    | Classified Supervisors' and Administrators' Salaries               | 2300        | 2100      |  |  | -   |
|  |    | Clerical, Technical and Office Salaries                            | 2400        | 2700      |  |  | 46,328.00                                     |
|  |    | Classified Transportation Salaries                                 | 2200        | 3600      |  |  | -   |
|  |    | Classified Food Services Salaries                                  | 2200        | 3700      |  |  | -   |
|  |    | Classified Maintenance & Operations                                | 2200        | 8100      |  |  | -   |
|  |    | Other Classified   | 2900        | 2100      |  |  | 249,528.00                                    |
|  |    | <b>TOTAL CLASSIFIED SALARIES</b>                                   |             |           |  |  | <b>295,856.00</b>                             |
|  |    |  |             |           |  |  |   |
|  | 3) | <b>Employee Benefits</b>   |             |           |  |  |   |
|  |    | EE Ben - STRS - Certificated                                       |             |           |  |  | 65,818.00                                     |
|  |    | EE Ben - STRS - Certificated - Instruction                         | 3101        | 1000      |  |  | 65,818.00                                     |
|  |    | EE Ben - STRS - Certificated - Instructional Supv and Adm          | 3101        | 2100      |  |  | -   |
|  |    | EE Ben - STRS - Certificated - Instructional Library, Media, & Tec | 3101        | 2420      |  |  | -   |
|  |    | EE Ben - STRS - Certificated - School Administration               | 3101        | 2700      |  |  | -   |
|  |    | EE Ben - STRS - Certificated - Guidance & Counseling Services      | 3101        | 3110      |  |  | -   |
|  |    | EE Ben - STRS - Certificated - Health Services                     | 3101        | 3140      |  |  | -   |
|  |    | EE Ben - STRS - Certificated - Other General Admin                 | 3101        | 2100      |  |  | -   |
|  |    |  |             |           |  |  |   |
|  |    | EE Ben - STRS - Classified   |             |           |  |  | -   |
|  |    | EE Ben - STRS - Classified - Instruction                           | 3102        | 1000      |  |  | -   |
|  |    | EE Ben - STRS - Classified - Instructional Supv and Adm            | 3102        | 2100      |  |  | -   |

|  |  |   |      |      |  |           |
|--|--|---|------|------|--|-----------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -         |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -         |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -         |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -         |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | -         |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -         |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | -         |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -         |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -         |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Classified  |      |      |  | 8,442.00  |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | 8,442.00  |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -         |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | -         |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -         |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -         |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -         |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | 20,000.00 |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | 20,000.00 |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | 11,115.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | 11,115.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | 1,961.00  |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | 1,961.00  |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -         |

|  |  |  |      |      |  |                  |
|--|--|--|------|------|--|------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>96,755.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 96,755.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>21,454.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 21,454.00        |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | <b>400.00</b>    |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 400.00           |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv and      | 3501 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, M    | 3501 | 2420 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>119.00</b>    |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 119.00           |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | <b>8,002.00</b>  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 8,002.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                |
|  |  |  |      |      |  |                  |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>1,415.00</b>  |

|  |    |  |      |      |                   |
|--|----|--|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 | 1,415.00          |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      | 12,881.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 | 12,881.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      | 3,220.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 | 3,220.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      | <b>251,582.00</b> |
|  |    |  |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 | 57,560.00         |
|  |    | Books and Other Reference Materials  | 4200 | 1000 | 27,633.00         |
|  |    | Materials and Supplies   | 4300 | 1000 | 23,070.00         |
|  |    | Noncapitalized Equipment   | 4400 | 1000 | 1,540.00          |
|  |    | Other Supplies   | 4300 | 2700 | 27,794.00         |
|  |    | Pupil Transportation   | 4300 | 3600 | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 | 147,584.00        |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      | <b>285,181.00</b> |
|  |    |  |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |                   |
|  |    | Personal Services  | 5800 | 2700 | -                 |
|  |    | Travel and Conference  | 5200 | 2700 | 2,236.00          |
|  |    | Due and Memberships  | 5300 | 7200 | 2,943.00          |
|  |    | Insurance  | 5400 | 7200 | 15,423.00         |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | 85,470.00           |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 258,865.00          |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 802,283.64          |
|  |    | Communications   | 5900      | 8100 |  | 9,998.00            |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>1,177,218.64</b> |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 13,600.00           |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>13,600.00</b>    |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 20,497.14           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>2,780,077.78</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |



# **MSA-8**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

| 1516601   | Magnolia Sci Ac-Bell@SRMS#2 |  |  | 1516601             |                           |                      | -                            |
|---|-----------------------------|--|--|---------------------|---------------------------|----------------------|------------------------------|
| <b>FI CHARTER SCHOOL - FUND 62</b>                                    |                             |  |  |                     |                           |                      |                              |
| <b>FY15 UAR - FY15 UAR DUE DATE: 08/07/2015 (FRIDAY)</b>              |                             |  |  |                     |                           |                      |                              |
| <b>BALANCE SHEET - FULL ACCRUAL</b>                                   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  |                     |                           |                      | <b>UNAUDITED<br/>ACTUALS</b> |
| <b>ASSETS</b>   |                             |  |  | <b>Object Codes</b> | <b>Resource<br/>Codes</b> | <b>AS OF 6/30/15</b> |                              |
| Cash  |                             |  |  |                     |                           |                      |                              |
| a) In County Treasury   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9110                |                           | -                    |                              |
| 1) Fair Value Adjustment to Cash in County Treasury                   |                             |  |  | 9111                |                           | -                    |                              |
| b) In Banks   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9120                |                           | 2,421,557.00         |                              |
| c) In Revolving Fund  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9130                |                           | -                    |                              |
| d) with Fiscal Agent  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9135                |                           | -                    |                              |
| e) collection awaiting deposit  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9140                |                           | -                    |                              |
| Investments   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9150                |                           | -                    |                              |
| Accounts Receivable(Includes Pledges)                                 |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9200                |                           | 430,124.00           |                              |
| Due from Grantor Government   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9290                |                           | -                    |                              |
| Stores  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9320                |                           | -                    |                              |
| Prepaid Expenditures  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9330                |                           | 148,920.00           |                              |
| Other Current   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9340                |                           | -                    |                              |
| Fixed Assets:   |                             |  |  |                     |                           |                      |                              |
| a) Land   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9410                |                           | -                    |                              |
| b) Land Improvements  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9420                |                           | -                    |                              |
| c) <b>Less - Accumulated Depreciation-Land Improvements</b>           |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9425                |                           | -                    |                              |
| d) Buildings  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9430                |                           | -                    |                              |
| e) <b>Less - Accumulated Depreciation-Buildings</b>                   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9435                |                           | -                    |                              |
| f) Equipment  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9440                |                           | 39,398.00            |                              |
| g) <b>Less - Accumulated Depreciation-Equipment</b>                   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9445                |                           | (17,112.00)          |                              |
| h) Work in Progress   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9450                |                           | -                    |                              |
| <b>TOTAL ASSETS</b>   |                             |  |  |                     |                           |                      | <b>3,022,887.00</b>          |
| <b>LIABILITIES</b>  |                             |  |  |                     |                           |                      |                              |
| Accounts Payable  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9500                |                           | 126,420.03           |                              |
| Due to Grantor Governments  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9590                |                           | -                    |                              |
| Current Loans   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9640                |                           | -                    |                              |
| Unearned Revenue ( <b>terminology changed from Deferred Revenue</b> ) |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9650                |                           | -                    |                              |
| Long-Term Liabilities:  |                             |  |  |                     |                           |                      |                              |
| Other Postemployment Benefits   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9664                |                           | -                    |                              |
| Compensated Absences  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9665                |                           | -                    |                              |
| COPs Payable  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9666                |                           | -                    |                              |
| Capital Leases Payable  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9667                |                           | -                    |                              |
| Lease Revenue Bonds Payable   |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9668                |                           | -                    |                              |
| Other General Long-Term Debt  |                             |  |  |                     |                           |                      |                              |
|   |                             |  |  | 9669                |                           | -                    |                              |
| <b>TOTAL LIABILITIES</b>  |                             |  |  |                     |                           |                      | <b>126,420.03</b>            |
| <b>NET POSITION, June 30</b>  |                             |  |  |                     |                           |                      | <b>2,896,466.97</b>          |

|   |    |   |  |  |                       |  |                        |
|---|----|---|--|--|-----------------------|--|------------------------|
| <b>DIFF BET. FUND END BAL &amp; FUND EQTY ( this should be zero)</b>                              |    |   |  |  |                       |  | -                      |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  |                        |
| fund center (lookup)  |    |   |  | <b>FUND ENDING BALANCE CARRY FORWARD NEXT FY</b>             |                       |  |                        |
|   |    |   |  | <b>THIS LINE SHOULD EQUAL TO ZERO (GREEN SHADED COLUMNS)</b> |                       |  |                        |
| <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITI</b>                                  |    |   |  | <b>Object Codes</b>  | <b>Function Codes</b> |  |                        |
|   |    |   |  |  |                       |  |                        |
|   |    |   |  |  |                       |  | <b>UNAUTED ACTUALS</b> |
|   |    |   |  |  |                       |  | <b>AS OF 6/30/15</b>   |
| <b>A. REVENUES (Summary- -See details below)</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Revenue Limit Sources                               |  | 8010-8099  |                       |  | 3,611,558.00           |
|   | 2) | Federal Revenues                                    |  | 8100-8299  |                       |  | 306,664.82             |
|   | 3) | Other State Revenues                                |  | 8300-8599  |                       |  | 557,626.21             |
|   | 4) | Other Local Revenues                                |  | 8600-8799  |                       |  | 60,208.00              |
|   | 5) | <b>TOTAL REVENUES</b>                               |  |  |                       |  | <b>4,536,057.03</b>    |
| <b>B. EXPENSES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Certificated Salaries                               |  | 1000-1999  |                       |  | 1,705,076.00           |
|   | 2) | Classified Salaries                                 |  | 2000-2999  |                       |  | 213,584.00             |
|   | 3) | Employee Benefits                                   |  | 3000-3999  |                       |  | 514,219.00             |
|   | 4) | Books & Supplies                                    |  | 4000-4999  |                       |  | 430,702.00             |
|   | 5) | Services and Other Operating Expenses               |  | 5000-5999  |                       |  | 1,620,997.00           |
|   | 6) | Depreciation  |  | 6000-6999  |                       |  | 6,354.00               |
|   | 7) | Other Outgo (excluding Transfers of indirect Costs) |  | 7100-7299,<br>7400-7499                                      |                       |  | -                      |
|   | 8) | Other Outgo - Transfers of Indirect Costs           |  | 7300-7399  |                       |  | 36,116.06              |
|   | 9) | <b>TOTAL EXPENSES</b>                               |  |  |                       |  | <b>4,527,048.06</b>    |
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES &amp; USES</b> |    |   |  |  |                       |  | <b>9,008.97</b>        |
| <b>D. OTHER FINANCING SOURCES/USES</b>  |    |   |  |  |                       |  |                        |
|   | 1) | Interfund Transfers                                 |  |  |                       |  |                        |
|   |    | a) Transfers In                                     |  | 8900-8929  |                       |  |                        |
|   |    | b) Transfers Out                                    |  | 7600-7629  |                       |  |                        |
|   | 2) | Other Sources/Uses                                  |  |  |                       |  |                        |
|   |    | a) Sources  |  | 8930-8979  |                       |  | -                      |
|   |    | b) Uses   |  | 7630-7699  |                       |  | -                      |
|   | 3) | Contributions                                       |  | 8980-8999  |                       |  | -                      |
|   | 4) | <b>TOTAL OTHER FINANCING SOURCES/USES</b>           |  |  |                       |  | <b>-</b>               |

|   |  |                    |                      |                          |
|---|--|--------------------|----------------------|--------------------------|
| <b>E. NET INCREASE (DECREASE) IN NET POSITION</b> |  |                    |                      | <b>9,008.97</b>          |
| <b>F. NET POSITION</b>                            |  |                    |                      |                          |
| 1)  | Beginning Net Position   |                    |                      |                          |
|   | a) As of June 30 - Unaudited                                   | 9791               |                      | 2,866,475.93             |
|   | b) Audit Adjustments   | 9793               |                      | 20,982.07                |
|   | d) Other Restatements  | 9795               |                      | -                        |
|   | e) Adjusted Beginning Net Position                             |                    |                      | <b>2,887,458.00</b>      |
| 2)  | <b>Ending Net Position, June 30</b>                            |                    |                      | <b>2,896,466.97</b>      |
|   | a) Net Investment in Capital Assets                            | 9796               |                      | -                        |
|   | b) Restricted Net Position                                     | 9797               |                      | -                        |
|   | c) Unrestricted Net Position                                   | 9790               |                      | <b>2,896,466.97</b>      |
|   |  |                    |                      | <b>UNAUDITED ACTUALS</b> |
| <b>Revenues (DETAILS)</b>                         |  | <b>SACS Object</b> | <b>Resource Code</b> | <b>AS OF 6/30/15</b>     |
| 1)  | Revenue Limit Sources  |                    |                      |                          |
|   | Principal Apportionment  |                    |                      |                          |
|   | General Purpose Entitlement-Net State Aid                      | 8011               | 0000                 | 2,156,099.00             |
|   | State Aid - PY adjustments                                     | 8019               | 0000                 | (20,293.00)              |
|   | Education Protection Account (EPA)                             | 8012               | 1400                 | 672,860.00               |
|   | Revenue Limit Transfers  |                    |                      |                          |
|   | Unrestricted Revenue Limit Transfers - Current Year            | 8091               | 0000                 |                          |
|   | All Other Revenue Limit Transfer- Current Year                 | 8091               | 0000                 | 2,332.00                 |
|   | Transfers to Charter Schools in lieu of Property Taxes         | 8096               | 0000                 | 782,647.00               |
|   | In Lieu of PropTax - PY adjustments                            | 8096               | 0000                 | 17,913.00                |
|   | Property Taxes Transfers                                       | 8097               | 0000                 | -                        |
|   | Revenue Limit Transfers - Prior Years                          | 8099               | 0000                 | -                        |
|   | <b>TOTAL REVENUE LIMIT SOURCES</b>                             |                    |                      | <b>3,611,558.00</b>      |
| 2)  | <b>Federal Revenue</b>   |                    |                      |                          |
|   | Special Ed: IDEA Basic Local Assistance - CY                   | 8181               | 3310                 | 90,542.84                |
|   | Special Ed: IDEA Basic Local Assistance - PY adjustments       | 8181               | 3310                 | 211.98                   |
|   | Special Education Discretionary Grants                         | 8182               | 3310                 | -                        |
|   | Breakfast, Milk, Pregnant & Lactating Students                 | 8220               | 5310                 | -                        |
|   | NCLB: T1,Part A Basic Grts Low-Inc & Neglected                 | 8290               | 3010                 | 204,445.00               |
|   | NCLB: T1,Part A Basic School Support                           | 8290               | 3020                 | -                        |
|   | NCLB: Title I, Part D, Local Delinquent Programs               | 8290               | 3025                 | -                        |
|   | Carl D. Perkins Career & Technical Education :Secondary        | 8290               | 3550                 | -                        |
|   | NCLB:TII, Part A, Teacher Quality                              | 8290               | 4035                 | 3,036.00                 |
|   | NCLB:TII, Part A, Administrator Training                       | 8290               | 4036                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, For  | 8290               | 4045                 |                          |
|   | NCLB:TII, Part D, Enhancing Education Through Technology, Co   | 8290               | 4046                 |                          |
|   | NCLB:TIII,Immigrant Education Program                          | 8290               | 4201                 | 279.00                   |
|   | NCLB:TIII, Limited English Proficient (LEP) Student Program    | 8290               | 4203                 | 8,150.00                 |
|   | NCLB:TitleV, Part B, Public Charter Schools Grant Program (PCS | 8290               | 4610                 | -                        |
|   | Other Federal Revenues:  | 8290               | 5810                 | -                        |
|   | Others (please insert description below)                       |                    |                      | -                        |

|    |  |                              |      |  |                   |
|----|--|------------------------------|------|--|-------------------|
|    |  |                              |      |  | -                 |
|    |  | <b>TOTAL FEDERAL REVENUE</b> |      |  | <b>306,664.82</b> |
| 3) | <b>Other State Revenue</b>                               |                              |      |  |                   |
|    | Other State Apportionments                               |                              |      |  |                   |
|    | Special Education Master Plan                            |                              |      |  |                   |
|    | Special Education AB602 - CY                             | 8311                         | 6500 |  | 265,442.59        |
|    | Special Education AB602 - PY adjustments                 | 8311                         | 6500 |  | 8,286.62          |
|    | All Special Ed Apportionments-Current Year               | 8311                         | 6500 |  | 16,362.00         |
|    | Year Round School Incentive                              | 8425                         | 0000 |  | -                 |
|    | Child Nutrition: School Program                          | 8520                         | 5310 |  | -                 |
|    | Mandated Costs Reimbursement                             | 8550                         | 0000 |  | 38,961.00         |
|    | State Lottery:Unrestricted CY                            | 8560                         | 1100 |  | 60,907.00         |
|    | State Lottery:Unrestricted PY adjustments                | 8560                         | 1100 |  | -                 |
|    | Lottery- Instructional Materials                         | 8560                         | 6300 |  | 16,179.00         |
|    | After School Education and Safety (ASES)                 | 8590                         | 6010 |  | 150,000.00        |
|    | Charter School Facility Grant                            | 8590                         | 6030 |  | -                 |
|    | Quality Education Investment Act                         | 8590                         | 7400 |  | -                 |
|    | Common Core Standards                                    | 8590                         | 7405 |  | -                 |
|    | <u>All other State Revenues:</u>                         | 8590                         | 7810 |  | 1,488.00          |
|    | Others (please insert description below)                 |                              |      |  | -                 |
|    | Prior Year   |                              |      |  |                   |
|    | FY 14-15 Assesment reimbursement                         |                              |      |  | 1,488.00          |
|    | <b>TOTAL OTHER STATE REVENUE</b>                         |                              |      |  | <b>557,626.21</b> |
| 4) | <b>Other Local Revenues</b>                              |                              |      |  |                   |
|    | Sales  |                              |      |  |                   |
|    | Sale of Equipment/Supplies                               | 8631                         | 0000 |  | -                 |
|    | Sale of Publications                                     | 8632                         | 0000 |  | -                 |
|    | Food Service Sales                                       | 8634                         | 5310 |  | -                 |
|    | Other Sales  | 8639                         | 0000 |  | -                 |
|    | Leases & Rentals   | 8650                         | 0000 |  |                   |
|    | Interest   | 8660                         | 0000 |  | -                 |
|    | Net Increase (Decrease) in the Fair Value of Investments | 8662                         | 0000 |  |                   |
|    | Fees and Contracts                                       |                              |      |  |                   |
|    | Child Development Parent Fees                            | 8673                         | 0000 |  |                   |
|    | Transportation Fees from Individuals                     | 8689                         | 0000 |  |                   |
|    | Interagency Services                                     | 8677                         | 0000 |  |                   |
|    | All Other Fees & Contracts                               | 8689                         | 0000 |  |                   |
|    | <u><b>Other Local Revenues</b></u>                       | 8689                         | 0000 |  | 60,208.00         |
|    | Grants/Donations   |                              |      |  | 11,768.00         |
|    | Fund Raising/Others                                      |                              |      |  | 22,421.00         |
|    | All Other Local  |                              |      |  | 26,019.00         |
|    | Prior Year   |                              |      |  | -                 |



|  |  |   |      |      |  |           |
|--|--|---|------|------|--|-----------|
|  |  | EE Ben - STRS - Classified - School Administration                | 3102 | 2700 |  | -         |
|  |  | EE Ben - STRS - Classified - Pupil Transportation                 | 3102 | 3600 |  | -         |
|  |  | EE Ben - STRS - Classified - Food Services                        | 3102 | 3700 |  | -         |
|  |  | EE Ben - STRS - Classified - Plant Maintenance & Operation        | 3102 | 8100 |  | -         |
|  |  | EE Ben - STRS - Classified - Other General Admin                  | 3102 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Certificated                                      |      |      |  | -         |
|  |  | EE Ben - PERS - Certificated - Instruction                        | 3201 | 1000 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Supv and Adm         | 3201 | 2100 |  | -         |
|  |  | EE Ben - PERS - Certificated - Instructional Library, Media, & Te | 3201 | 2420 |  | -         |
|  |  | EE Ben - PERS - Certificated - School Administration              | 3201 | 2700 |  | -         |
|  |  | EE Ben - PERS - Certificated - Guidance & Counseling Services     | 3201 | 3110 |  | -         |
|  |  | EE Ben - PERS - Certificated - Health Services                    | 3201 | 3140 |  | -         |
|  |  | EE Ben - PERS - Certificated - Other General Admin                | 3201 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - PERS - Classified  |      |      |  | 20,475.00 |
|  |  | EE Ben - PERS - Classified - Instruction                          | 3202 | 1000 |  | -         |
|  |  | EE Ben - PERS - Classified - Instructional Supv and Adm           | 3202 | 2100 |  | -         |
|  |  | EE Ben - PERS - Classified - School Administration                | 3202 | 2700 |  | 20,475.00 |
|  |  | EE Ben - PERS - Classified - Pupil Transportation                 | 3202 | 3600 |  | -         |
|  |  | EE Ben - PERS - Classified - Food Services                        | 3202 | 3700 |  | -         |
|  |  | EE Ben - PERS - Classified - Plant Maintenance & Operation        | 3202 | 8100 |  | -         |
|  |  | EE Ben - PERS - Classified - Other General Administration         | 3202 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Certificated                                 |      |      |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instruction                   | 3301 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Supv and Adm    | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Instructional Library, Media, | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - School Administration         | 3301 | 2700 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Guidance & Counseling Ser     | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Health Services               | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Reg - Certificated - Other General Admin           | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Reg - Classified                                   |      |      |  | 8,654.00  |
|  |  | EE Ben - OASDI Reg - Classified - Instruction                     | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Instructional Supervision and   | 3302 | 2100 |  | 8,654.00  |
|  |  | EE Ben - OASDI Reg - Classified - School Administration           | 3302 | 2700 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Pupil Transportation            | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Food Services                   | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Plant Maintenance & Operatio    | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Reg - Classified - Other General Administration    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Certificated                            |      |      |  | 35,497.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instruction              | 3301 | 1000 |  | 31,232.00 |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Supv and   | 3301 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Instructional Library, M | 3301 | 2420 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - School Administration    | 3301 | 2700 |  | 4,265.00  |
|  |  | EE Ben - OASDI Medicare - Certificated - Guidance & Counseling    | 3301 | 3110 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Health Services          | 3301 | 3140 |  | -         |
|  |  | EE Ben - OASDI Medicare - Certificated - Other General Admin      | 3301 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - OASDI Medicare - Classified                              |      |      |  | 2,468.00  |
|  |  | EE Ben - OASDI Medicare - Classified - Instruction                | 3302 | 1000 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Instructional Supervision  | 3302 | 2100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - School Administration      | 3302 | 2700 |  | 2,468.00  |
|  |  | EE Ben - OASDI Medicare - Classified - Pupil Transportation       | 3302 | 3600 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Food Services              | 3302 | 3700 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Plant Maintenance & Op     | 3302 | 8100 |  | -         |
|  |  | EE Ben - OASDI Medicare - Classified - Other General Administr    | 3302 | 2100 |  | -         |
|  |  |   |      |      |  |           |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert                       |      |      |  | -         |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instruction         | 3301 | 1000 |  | -         |

|  |  |  |      |      |  |                   |
|--|--|--|------|------|--|-------------------|
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Supv     | 3301 | 2100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Instructional Librar   | 3301 | 2420 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - School Administrat     | 3301 | 2700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Guidance & Couns       | 3301 | 3110 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Health Services        | 3301 | 3140 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Cert - Other General Adn      | 3301 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Retirement in Lieu of OASDI - Classified                    |      |      |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instruction           | 3302 | 1000 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Instructional Supv    | 3302 | 2100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - School Administr      | 3302 | 2700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Pupil Transportat     | 3302 | 3600 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Food Services         | 3302 | 3700 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Plant Maintenanc      | 3302 | 8100 |  | -                 |
|  |  | EE Ben - Retirement in Lieu of OASDI - Class - Other General Ac      | 3302 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Certificated                    |      |      |  | <b>240,799.00</b> |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instruction              | 3401 | 1000 |  | 211,039.00        |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Supv an    | 3401 | 2100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Instructional Library, I | 3401 | 2420 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - School Administration    | 3401 | 2700 |  | 29,760.00         |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Guidance & Counseli      | 3401 | 3110 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Health Services          | 3401 | 3140 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Cert - Other General Admin      | 3401 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Health & Welfare Benefits - Classified                      |      |      |  | <b>24,800.00</b>  |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instruction             | 3402 | 1000 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Instructional Supv a    | 3402 | 2100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - School Administrati     | 3402 | 2700 |  | 24,800.00         |
|  |  | EE Ben - Health & Welfare Benefits - Class - Pupil Transportation    | 3402 | 3600 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Food Services           | 3402 | 3700 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Plant Maintenance &     | 3402 | 8100 |  | -                 |
|  |  | EE Ben - Health & Welfare Benefits - Class - Other General Admi      | 3402 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Certificated                       |      |      |  | <b>849.00</b>     |
|  |  | EE Ben - Unemployment Insurance - Cert - Instruction                 | 3501 | 1000 |  | 708.00            |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Supv an       | 3501 | 2100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Instructional Library, I    | 3501 | 2420 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - School Administration       | 3501 | 2700 |  | 141.00            |
|  |  | EE Ben - Unemployment Insurance - Cert - Guidance & Counseli         | 3501 | 3110 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Health Services             | 3501 | 3140 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Cert - Other General Admin         | 3501 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Unemployment Insurance - Classified                         |      |      |  | <b>118.00</b>     |
|  |  | EE Ben - Unemployment Insurance - Class - Instruction                | 3502 | 1000 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Instructional Supv a       | 3502 | 2100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - School Administrati        | 3502 | 2700 |  | 118.00            |
|  |  | EE Ben - Unemployment Insurance - Class - Pupil Transportation       | 3502 | 3600 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Food Services              | 3502 | 3700 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Plant Maintenance &        | 3502 | 8100 |  | -                 |
|  |  | EE Ben - Unemployment Insurance - Class - Other General Admi         | 3502 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Certificated                        |      |      |  | <b>18,345.00</b>  |
|  |  | EE Ben - Workers' Compensation - Cert - Instruction                  | 3601 | 1000 |  | 15,899.00         |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Supv and       | 3601 | 2100 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Instructional Library, M     | 3601 | 2420 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - School Administration        | 3601 | 2700 |  | 2,446.00          |
|  |  | EE Ben - Workers' Compensation - Cert - Guidance & Counseling        | 3601 | 3110 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Health Services              | 3601 | 3140 |  | -                 |
|  |  | EE Ben - Workers' Compensation - Cert - Other General Admin          | 3601 | 2100 |  | -                 |
|  |  |  |      |      |  |                   |
|  |  | EE Ben - Workers' Compensation - Classified                          |      |      |  | <b>2,038.00</b>   |



|  |    |  |      |      |                   |
|--|----|--|------|------|-------------------|
|  |    | EE Ben - Workers' Compensation - Class - Instruction                               | 3602 | 1000 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Instructional Supervision                 | 3602 | 2100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - School Administration                     | 3602 | 2700 | 2,038.00          |
|  |    | EE Ben - Workers' Compensation - Class - Pupil Transportation                      | 3602 | 3600 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Food Services                             | 3602 | 3700 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Plant Maintenance & Operation             | 3602 | 8100 | -                 |
|  |    | EE Ben - Workers' Compensation - Class - Other General Administration              | 3602 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Allocated   |      |      | -                 |
|  |    | EE Ben - OPEB, Allocated - Instruction   | 3701 | 1000 | -                 |
|  |    | EE Ben - OPEB, Allocated - Instructional Supervision and Administration            | 3701 | 2100 | -                 |
|  |    | EE Ben - OPEB, Allocated - School Administration                                   | 3701 | 2700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Pupil Transportation                                    | 3701 | 3600 | -                 |
|  |    | EE Ben - OPEB, Allocated - Food Services   | 3701 | 3700 | -                 |
|  |    | EE Ben - OPEB, Allocated - Plant Maintenance & Operation                           | 3701 | 8100 | -                 |
|  |    | EE Ben - OPEB, Allocated - Other General Administration                            | 3701 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - OPEB, Active Employees  |      |      | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instruction  | 3702 | 1000 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Instructional Supervision and Administration           | 3702 | 2100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - School Administration                                  | 3702 | 2700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Pupil Transportation                                   | 3702 | 3600 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Food Services  | 3702 | 3700 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Plant Maintenance & Operation                          | 3702 | 8100 | -                 |
|  |    | EE Ben - OPEB, Active Emp - Other General Administration                           | 3702 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Certificated                                  |      |      | 24,216.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instruction                                   | 3901 | 1000 | 20,796.00         |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Supervision and Administration  | 3901 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Instructional Library, Media, and Technology  | 3901 | 2420 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - School Administration                         | 3901 | 2700 | 3,420.00          |
|  |    | EE Ben - Other Emp Benefits - Cert - Guidance & Counseling Services                | 3901 | 3110 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Health Services                               | 3901 | 3140 | -                 |
|  |    | EE Ben - Other Emp Benefits - Cert - Other General Administration                  | 3901 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | EE Ben - Other Employment Benefits - Classified                                    |      |      | 2,850.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Instruction                                  | 3902 | 1000 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Instructional Supervision and Administration | 3902 | 2100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - School Administration                        | 3902 | 2700 | 2,850.00          |
|  |    | EE Ben - Other Emp Benefits - Class - Pupil Transportation                         | 3902 | 3600 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Food Services                                | 3902 | 3700 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Plant Maintenance & Operation                | 3902 | 8100 | -                 |
|  |    | EE Ben - Other Emp Benefits - Class - Other General Administration                 | 3902 | 2100 | -                 |
|  |    |  |      |      |                   |
|  |    | <b>TOTAL EMPLOYEE BENEFITS</b>   |      |      | <b>514,219.00</b> |
|  |    |  |      |      |                   |
|  | 4) | <b>Books &amp; Supplies</b>  |      |      |                   |
|  |    | Approved Textbooks and Core Curricula Materials                                    | 4100 | 1000 | 92,030.00         |
|  |    | Books and Other Reference Materials  | 4200 | 1000 | 25,743.00         |
|  |    | Materials and Supplies   | 4300 | 1000 | 124,999.00        |
|  |    | Noncapitalized Equipment   | 4400 | 1000 | 4,347.00          |
|  |    | Other Supplies   | 4300 | 2700 | -                 |
|  |    | Pupil Transportation   | 4300 | 3600 | -                 |
|  |    | Food Service Supplies  | 4700 | 3700 | 183,583.00        |
|  |    | <b>TOTAL BOOKS AND SUPPLIES</b>  |      |      | <b>430,702.00</b> |
|  |    |  |      |      |                   |
|  | 5) | <b>Services and Other Operating Expenses</b>                                       |      |      |                   |
|  |    | Personal Services  | 5800 | 2700 | -                 |
|  |    | Travel and Conference  | 5200 | 2700 | 5,209.00          |
|  |    | Due and Memberships  | 5300 | 7200 | 3,747.00          |
|  |    | Insurance  | 5400 | 7200 | 25,234.00         |

|  |    |  |           |      |  |                     |
|--|----|--|-----------|------|--|---------------------|
|  |    | Operation and Housekeeping Services  | 5500      | 8100 |  | 207,552.00          |
|  |    | Rentals/Leases/Repairs&Noncapitalized Improvements   | 5600      | 8100 |  | 16,805.00           |
|  |    | Transfers of Direct Cost   | 5800      | 8100 |  | -                   |
|  |    | Transfer of Direct Costs - Interfund   | 5800      | 8100 |  | -                   |
|  |    | Professional Consulting Services& Operating Exp  | 5800      | 8100 |  | 1,355,280.00        |
|  |    | Communications   | 5900      | 8100 |  | 7,170.00            |
|  |    | <b>TOTAL SERVICES AND OTHER OPERATING EXPENSES</b>   |           |      |  | <b>1,620,997.00</b> |
|  |    |  |           |      |  |                     |
|  | 6) | <b>Depreciation</b>  |           |      |  |                     |
|  |    | Depreciation Expense   | 6900      | 8100 |  | 6,354.00            |
|  |    | <b>TOTAL DEPRECIATION</b>  |           |      |  | <b>6,354.00</b>     |
|  |    |  |           |      |  |                     |
|  | 7) | <b>Other Outgo (excluding Transfers of Indirect Costs)</b>   |           |      |  |                     |
|  |    | Tuition  |           |      |  |                     |
|  |    | Tuition for Intruction Under Interdistrict Attendance Agreements                                     | 7110      |      |  | -                   |
|  |    | Tuition, Excess Costs, and/or Deficit Payments   |           |      |  | -                   |
|  |    | Payments to Districts or Charter School  | 7141      |      |  | -                   |
|  |    | Payments to County Offices   | 7142      |      |  | -                   |
|  |    | Payments to JPAs   | 7143      |      |  | -                   |
|  |    | Other Transfers Out  |           |      |  |                     |
|  |    | All Other Transfers  | 7281-7283 |      |  | -                   |
|  |    | All Other Transfers Out to All Others  | 7299      |      |  | -                   |
|  |    | Debt Service   |           |      |  |                     |
|  |    | Debt Service-Interest  | 7438      | 9100 |  | -                   |
|  |    |  |           |      |  |                     |
|  |    | <b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)</b>                                    |           |      |  | <b>-</b>            |
|  |    | OTHER OUTGO-TRANSFERS OF INDIRECT COSTS  |           |      |  |                     |
|  |    | Transfers of Indirect Cost   | 7310      |      |  | -                   |
|  |    | Transfers of Indirect Cost-Interfund   | 7350      |      |  | -                   |
|  |    | <b>TOTAL, OTHER OUTGO-TRANSFERS OF INDIRECT COSTS</b>  |           |      |  | <b>-</b>            |
|  |    |  |           |      |  |                     |
|  | 8) | <b>Direct Support/Indirect Costs/All Other Financing Uses</b>  |           |      |  |                     |
|  |    | Indirect Cost ( total charter school supervisorial oversight fees onl                                | 5800      | 8100 |  | 36,116.06           |
|  |    | All Other Financing Uses   | 7699      | 9100 |  | -                   |
|  |    | <b>TOTAL EXPENSES</b>  |           |      |  | <b>4,527,048.06</b> |
|  |    |  |           |      |  |                     |
|  |    | CHECK: DETAILS OF REVENUE = TOTAL REVENUE- SUMMARY; SHOULD BE ZERO                                   |           |      |  | -                   |
|  |    | CHECK: DETAILS OF EXPESES = TOTAL EXPENSES - SUMMARY; SHOULD BE ZERO ; OR \$ IN OTHER FINANCING USES |           |      |  | -                   |

# **MSA-SA**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2014 to June 30, 2015

Charter School Name: Magnolia Science Academy-Santa Ana

CDS #: Unaudited Financials FY14-15 Report- Rev 12 4 15

Charter Approving Entity: California Department of Education

County: Orange County

Charter #: 1686

This charter school uses the following basis of accounting:

(Please enter an "X" in the applicable box below; check only one box)

**Accrual Basis** (Applicable Capital Assets/Interest on Long-Term Debt/Long-Term Liabilities/Net Position objects are 6900, 7438, 9400-9489, 9660-9669, 9796, and 9797)

**Modified Accrual Basis** (Applicable Capital Outlay/Debt Service/Fund Balance objects are 6100-6170, 6200-6500, 7438, 7439, and 9711-9789)

| Description   | Object Code     | Unrestricted | Restricted | Total        |
|---|-----------------|--------------|------------|--------------|
| <b>A. REVENUES</b>  |                 |              |            |              |
| <b>1. LCFF Sources</b>                                    |                 |              |            |              |
| State Aid - Current Year                                  | 8011            | 863,019.00   |            | 863,019.00   |
| Education Protection Account State Aid - Current Year     | 8012            | 31,422.00    |            | 31,422.00    |
| State Aid - Prior Years                                   | 8019            |              |            | 0.00         |
| Transfers to Charter Schools in Lieu of Property Taxes    | 8096            | 261,316.00   |            | 261,316.00   |
| Other LCFF Transfers                                      | 8091, 8097      |              |            | 0.00         |
| Total, LCFF Sources                                       |                 | 1,155,757.00 | 0.00       | 1,155,757.00 |
| <b>2. Federal Revenues (see NOTE in Section L)</b>        |                 |              |            |              |
| No Child Left Behind                                      | 8290            |              | 403,994.00 | 403,994.00   |
| Special Education - Federal                               | 8181, 8182      |              | 21,764.00  | 21,764.00    |
| Child Nutrition - Federal                                 | 8220            |              | 18,106.00  | 18,106.00    |
| Other Federal Revenues                                    | 8110, 8260-8299 |              |            | 0.00         |
| Total, Federal Revenues                                   |                 | 0.00         | 443,864.00 | 443,864.00   |
| <b>3. Other State Revenues</b>                            |                 |              |            |              |
| Special Education - State                                 | StateRevSE      |              | 175,254.00 | 175,254.00   |
| All Other State Revenues                                  | StateRevAO      |              | 1,336.00   | 1,336.00     |
| Total, Other State Revenues                               |                 | 0.00         | 176,590.00 | 176,590.00   |
| <b>4. Other Local Revenues</b>                            |                 |              |            |              |
| All Other Local Revenues                                  | LocalRevAO      | 29,745.04    | 0.00       | 29,745.04    |
| Total, Local Revenues                                     |                 | 29,745.04    | 0.00       | 29,745.04    |
| <b>5. TOTAL REVENUES</b>                                  |                 |              |            |              |
|   |                 | 1,185,502.04 | 620,454.00 | 1,805,956.04 |
| <b>B. EXPENDITURES (see NOTE in Section L)</b>            |                 |              |            |              |
| <b>1. Certificated Salaries</b>                           |                 |              |            |              |
| Certificated Teachers' Salaries                           | 1100            | 510,721.00   | 89,193.00  | 599,914.00   |
| Certificated Pupil Support Salaries                       | 1200            |              |            | 0.00         |
| Certificated Supervisors' and Administrators' Salaries    | 1300            | 118,830.00   |            | 118,830.00   |
| Other Certificated Salaries                               | 1900            |              |            | 0.00         |
| Total, Certificated Salaries                              |                 | 629,551.00   | 89,193.00  | 718,744.00   |
| <b>2. Noncertificated Salaries</b>                        |                 |              |            |              |
| Noncertificated Instructional Salaries                    | 2100            |              |            | 0.00         |
| Noncertificated Support Salaries                          | 2200            |              |            | 0.00         |
| Noncertificated Supervisors' and Administrators' Salaries | 2300            |              |            | 0.00         |
| Clerical and Office Salaries                              | 2400            | 32,801.00    |            | 32,801.00    |
| Other Noncertificated Salaries                            | 2900            | 19,484.00    |            | 19,484.00    |
| Total, Noncertificated Salaries                           |                 | 52,285.00    | 0.00       | 52,285.00    |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

**July 1, 2014 to June 30, 2015**

**Charter School Name: Magnolia Science Academy-Santa Ana**

**CDS #: Unaudited Financials FY14-15 Report- Rev 12 4 15**

| Description  | Object Code | Unrestricted        | Restricted        | Total               |
|--|-------------|---------------------|-------------------|---------------------|
| <b>3. Employee Benefits</b>  |             |                     |                   |                     |
| STRS   | 3101-3102   | 36,202.00           |                   | 36,202.00           |
| PERS   | 3201-3202   | 3,585.00            |                   | 3,585.00            |
| OASDI / Medicare / Alternative   | 3301-3302   | 35,190.00           |                   | 35,190.00           |
| Health and Welfare Benefits  | 3401-3402   | 60,054.00           |                   | 60,054.00           |
| Unemployment Insurance   | 3501-3502   | 392.00              |                   | 392.00              |
| Workers' Compensation Insurance  | 3601-3602   | 7,743.00            |                   | 7,743.00            |
| OPEB, Allocated  | 3701-3702   |                     |                   | 0.00                |
| OPEB, Active Employees   | 3751-3752   | 20,336.00           |                   | 20,336.00           |
| Other Employee Benefits  | 3901-3902   |                     |                   | 0.00                |
| <b>Total, Employee Benefits</b>  |             | <b>163,502.00</b>   | <b>0.00</b>       | <b>163,502.00</b>   |
| <b>4. Books and Supplies</b>   |             |                     |                   |                     |
| Approved Textbooks and Core Curricula Materials                                    | 4100        | 9,262.00            |                   | 9,262.00            |
| Books and Other Reference Materials  | 4200        | 10,591.00           | 651.00            | 11,242.00           |
| Materials and Supplies   | 4300        | 50,752.00           |                   | 50,752.00           |
| Noncapitalized Equipment   | 4400        |                     |                   | 0.00                |
| Food   | 4700        | 18,480.00           | 19,442.00         | 37,922.00           |
| <b>Total, Books and Supplies</b>   |             | <b>89,085.00</b>    | <b>20,093.00</b>  | <b>109,178.00</b>   |
| <b>5. Services and Other Operating Expenditures</b>                                |             |                     |                   |                     |
| Subagreements for Services   | 5100        |                     |                   | 0.00                |
| Travel and Conferences   | 5200        | 11,284.00           |                   | 11,284.00           |
| Dues and Memberships   | 5300        | 2,100.00            |                   | 2,100.00            |
| Insurance  | 5400        | 8,903.00            |                   | 8,903.00            |
| Operations and Housekeeping Services   | 5500        | 4,433.00            |                   | 4,433.00            |
| Rentals, Leases, Repairs, and Noncap. Improvements                                 | 5600        | 214,752.00          |                   | 214,752.00          |
| Transfers of Direct Costs  | 5700-5799   | 8,944.00            |                   | 8,944.00            |
| Professional/Consulting Services and Operating Expend.                             | 5800        | 219,621.00          | 216,744.00        | 436,365.00          |
| Communications   | 5900        | 1,197.00            |                   | 1,197.00            |
| <b>Total, Services and Other Operating Expenditures</b>                            |             | <b>471,234.00</b>   | <b>216,744.00</b> | <b>687,978.00</b>   |
| <b>6. Capital Outlay</b>   |             |                     |                   |                     |
| (Objects 6100-6170, 6200-6500 modified accrual basis only)                         |             |                     |                   |                     |
| Land and Land Improvements   | 6100-6170   |                     |                   | 0.00                |
| Buildings and Improvements of Buildings  | 6200        |                     |                   | 0.00                |
| Books and Media for New School Libraries or Major<br>Expansion of School Libraries | 6300        |                     |                   | 0.00                |
| Equipment  | 6400        |                     |                   | 0.00                |
| Equipment Replacement  | 6500        |                     |                   | 0.00                |
| Depreciation Expense (accrual basis only)  | 6900        | 24,892.00           |                   | 24,892.00           |
| <b>Total, Capital Outlay</b>   |             | <b>24,892.00</b>    | <b>0.00</b>       | <b>24,892.00</b>    |
| <b>7. Other Outgo</b>  |             |                     |                   |                     |
| Tuition to Other Schools   | 7110-7143   |                     |                   | 0.00                |
| Transfers of Pass-Through Revenues to Other LEAs                                   | 7211-7213   |                     |                   | 0.00                |
| Transfers of Apportionments to Other LEAs - Spec. Ed.                              | 7221-7223SE |                     |                   | 0.00                |
| Transfers of Apportionments to Other LEAs - All Other                              | 7221-7223AO |                     |                   | 0.00                |
| All Other Transfers  | 7281-7299   |                     |                   | 0.00                |
| Transfers of Indirect Costs  | 7300-7399   |                     |                   | 0.00                |
| Debt Service:  |             |                     |                   |                     |
| Interest   | 7438        |                     |                   | 0.00                |
| Principal (for modified accrual basis only)  | 7439        |                     |                   | 0.00                |
| <b>Total Debt Service</b>  |             | <b>0.00</b>         | <b>0.00</b>       | <b>0.00</b>         |
| <b>Total, Other Outgo</b>  |             | <b>0.00</b>         | <b>0.00</b>       | <b>0.00</b>         |
| <b>8. TOTAL EXPENDITURES</b>   |             | <b>1,430,549.00</b> | <b>326,030.00</b> | <b>1,756,579.00</b> |

**CHARTER SCHOOL UNAUDITED ACTUALS  
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Charter School Name: Magnolia Science Academy-Santa Ana

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| Description   | Object Code | Unrestricted | Restricted   | Total        |
|---|-------------|--------------|--------------|--------------|
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)</b> |             | (245,046.96) | 294,424.00   | 49,377.04    |
| <b>D. OTHER FINANCING SOURCES / USES</b>  |             |              |              |              |
| 1. Other Sources  | 8930-8979   |              |              | 0.00         |
| 2. Less: Other Uses   | 7630-7699   |              |              | 0.00         |
| 3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)                            | 8980-8999   | 294,424.00   | (294,424.00) | 0.00         |
| 4. TOTAL OTHER FINANCING SOURCES / USES   |             | 294,424.00   | (294,424.00) | 0.00         |
| <b>E. NET INCREASE (DECREASE) IN FUND BALANCE /NET POSITION (C+D4)</b>                                      |             | 49,377.04    | 0.00         | 49,377.04    |
| <b>F. FUND BALANCE / NET POSITION</b>   |             |              |              |              |
| 1. Beginning Fund Balance/Net Position  |             |              |              |              |
| a. As of July 1   | 9791        | 202,078.00   | 2,040,698.00 | 2,242,776.00 |
| b. Adjustments/Restatements   | 9793, 9795  | 4,862.00     |              | 4,862.00     |
| c. Adjusted Beginning Fund Balance /Net Position  |             | 206,940.00   | 2,040,698.00 | 2,247,638.00 |
| 2. Ending Fund Balance /Net Position, June 30 (E+F1c)   |             | 256,317.04   | 2,040,698.00 | 2,297,015.04 |
| <b>Components of Ending Fund Balance (Modified Accrual Basis only)</b>                                      |             |              |              |              |
| a. Nonspendable   |             |              |              |              |
| 1. Revolving Cash (equals Object 9130)  | 9711        |              |              | 0.00         |
| 2. Stores (equals Object 9320)  | 9712        |              |              | 0.00         |
| 3. Prepaid Expenditures (equals Object 9330)  | 9713        |              |              | 0.00         |
| 4. All Others   | 9719        |              |              | 0.00         |
| b. Restricted   | 9740        |              |              | 0.00         |
| c. Committed  |             |              |              |              |
| 1. Stabilization Arrangements   | 9750        |              |              | 0.00         |
| 2. Other Commitments  | 9760        |              |              | 0.00         |
| d. Assigned   | 9780        |              |              | 0.00         |
| e. Unassigned/Unappropriated  |             |              |              |              |
| 1. Reserve for Economic Uncertainties   | 9789        |              |              | 0.00         |
| 2. Unassigned/Unappropriated Amount   | 9790M       |              |              | 0.00         |
| <b>3. Components of Ending Net Position (Accrual Basis only)</b>  |             |              |              |              |
| a. Net Investment in Capital Assets   | 9796        | 0.00         | 2,040,698.00 | 2,040,698.00 |
| b. Restricted Net Position  | 9797        |              |              | 0.00         |
| c. Unrestricted Net Position  | 9790A       | 256,317.04   | 0.00         | 256,317.04   |

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Charter School Name: Magnolia Science Academy-Santa Ana

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| Description   | Object Code | Unrestricted | Restricted   | Total        |
|---|-------------|--------------|--------------|--------------|
| <b>G. ASSETS</b>  |             |              |              |              |
| 1. Cash   |             |              |              |              |
| In County Treasury  | 9110        |              |              | 0.00         |
| Fair Value Adjustment to Cash in County Treasury  | 9111        |              |              | 0.00         |
| In Banks  | 9120        | 71,427.62    | 432,731.80   | 504,159.42   |
| In Revolving Fund   | 9130        |              |              | 0.00         |
| With Fiscal Agent/Trustee   | 9135        |              |              | 0.00         |
| Collections Awaiting Deposit  | 9140        |              |              | 0.00         |
| 2. Investments  | 9150        |              |              | 0.00         |
| 3. Accounts Receivable  | 9200        | 647,282.01   |              | 647,282.01   |
| 4. Due from Grantor Governments   | 9290        |              |              | 0.00         |
| 5. Stores   | 9320        |              |              | 0.00         |
| 6. Prepaid Expenditures (Expenses)  | 9330        | 19,000.00    |              | 19,000.00    |
| 7. Other Current Assets   | 9340        | 27,000.00    |              | 27,000.00    |
| 8. Capital Assets (accrual basis only)  | 9400-9489   | 44,824.20    | 3,648,664.20 | 3,693,488.40 |
| 9. TOTAL ASSETS   |             | 809,533.83   | 4,081,396.00 | 4,890,929.83 |
| <b>H. DEFERRED OUTFLOWS OF RESOURCES</b>  |             |              |              |              |
| 1. Deferred Outflows of Resources   | 9490        |              |              | 0.00         |
| 2. TOTAL DEFERRED OUTFLOWS  |             | 0.00         | 0.00         | 0.00         |
| <b>I. LIABILITIES</b>   |             |              |              |              |
| 1. Accounts Payable   | 9500        | 148,213.35   |              | 148,213.35   |
| 2. Due to Grantor Governments   | 9590        |              |              | 0.00         |
| 3. Current Loans  | 9640        | 330,000.00   |              | 330,000.00   |
| 4. Unearned Revenue   | 9650        |              |              | 0.00         |
| 5. Long-Term Liabilities (accrual basis only)   | 9660-9669   | 75,004.00    | 2,040,698.00 | 2,115,702.00 |
| 6. TOTAL LIABILITIES  |             | 553,217.35   | 2,040,698.00 | 2,593,915.35 |
| <b>J. DEFERRED INFLOWS OF RESOURCES</b>   |             |              |              |              |
| 1. Deferred Inflows of Resources  | 9690        |              |              | 0.00         |
| 2. TOTAL DEFERRED INFLOWS   |             | 0.00         | 0.00         | 0.00         |
| <b>K. FUND BALANCE /NET POSITION</b>  |             |              |              |              |
| Ending Fund Balance /Net Position, June 30 (G9 + H2) - (I6 + J2)<br>(must agree with Line F2) |             | 256,316.48   | 2,040,698.00 | 2,297,014.48 |

**CHARTER SCHOOL UNAUDITED ACTUALS  
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**Charter School Name:** Magnolia Science Academy-Santa Ana

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**L. FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT**

**NOTE: IF YOUR CHARTER SCHOOL RECEIVED FEDERAL FUNDING, AS REPORTED IN SECTION A2, THE FOLLOWING ADDITIONAL INFORMATION MUST BE PROVIDED IN ORDER FOR THE CDE TO CALCULATE COMPLIANCE WITH THE FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT:**

**1. Federal Revenue Used for Capital Outlay and Debt Service**

Included in the Capital Outlay and Debt Service expenditures reported in sections B6 and B7 are the following amounts paid out of federal funds:

| Federal Program Name (If no amounts, indicate "NONE")                  | Capital Outlay | Debt Service | Total       |
|--|----------------|--------------|-------------|
| a. None  |                |              | 0.00        |
| b. None  |                |              | 0.00        |
| c. None  |                |              | 0.00        |
| d. None  |                |              | 0.00        |
| e. None  |                |              | 0.00        |
| f. None  |                |              | 0.00        |
| g. None  |                |              | 0.00        |
| h. None  |                |              | 0.00        |
| i. None  |                |              | 0.00        |
| j. None  |                |              | 0.00        |
| <b>TOTAL FEDERAL REVENUES USED FOR CAPITAL OUTLAY AND DEBT SERVICE</b> | <b>0.00</b>    | <b>0.00</b>  | <b>0.00</b> |

**2. Community Services Expenditures**

Provide the amount of State and Local funds reported in Section B that were expended for Community Services Activities:

| Objects of Expenditures                      | Amount<br>(Enter "0.00" if none) |
|--|----------------------------------|
| a. Certificated Salaries                     | 1000-1999<br>0.00                |
| b. Noncertificated Salaries                  | 2000-2999<br>0.00                |
| c. Employee Benefits                         | except 3801-<br>0.00             |
| d. Books and Supplies                        | 4000-4999<br>0.00                |
| e. Services and Other Operating Expenditures | 5000-5999<br>0.00                |
| <b>TOTAL COMMUNITY SERVICES EXPENDITURES</b> | <b>0.00</b>                      |



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**3. State and Local Expenditures to be Used for Annual NCLB Maintenance of Effort Calculation:**

Results of this calculation will be used for comparison with 2013-14 expenditures. Failure to maintain the required 90 percent expenditure level on either an aggregate or per capita expenditure basis will result in reduction to allocations for covered programs in 2016-17.

|  |                 |
|--|-----------------|
| a. Total Expenditures (B8)   | 1,756,579.00    |
| b. Less Federal Expenditures (Total A2)<br>[Revenues are used as proxy for expenditures because most federal revenues are normally recognized in the period that qualifying expenditures are incurred] | 443,864.00      |
| c. Subtotal of State & Local Expenditures<br>[a minus b]   | 1,312,715.00    |
| d. Less Community Services<br>[L2 Total]   | 0.00            |
| e. Less Capital Outlay & Debt Service<br>[Total B6 plus objects 7438 and 7439, less L1 Total]  | 24,892.00       |
| TOTAL STATE & LOCAL EXPENDITURES SUBJECT TO MOE<br>[c minus d minus e]   | \$ 1,287,823.00 |

# **MSA-SC**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2014 to June 30, 2015

Charter School Name: Magnolia Science Academy Santa Clara

CDS #: Unaudited Financials FY14-15 Report- Rev 12 4 15

Charter Approving Entity: Santa Clara County Office of Education

County: Santa Clara

Charter #: 1116

This charter school uses the following basis of accounting:

(Please enter an "X" in the applicable box below; check only one box)

**Accrual Basis** (Applicable Capital Assets/Interest on Long-Term Debt/Long-Term Liabilities/Net Position objects are 6900, 7438, 9400-9489, 9660-9669, 9796, and 9797)

**Modified Accrual Basis** (Applicable Capital Outlay/Debt Service/Fund Balance objects are 6100-6170, 6200-6500, 7438, 7439, and 9711-9789)

| Description   | Object Code     | Unrestricted | Restricted | Total        |
|---|-----------------|--------------|------------|--------------|
| <b>A. REVENUES</b>  |                 |              |            |              |
| <b>1. LCFF Sources</b>                                    |                 |              |            |              |
| State Aid - Current Year                                  | 8011            | 599,956.00   |            | 599,956.00   |
| Education Protection Account State Aid - Current Year     | 8012            | 404,818.00   |            | 404,818.00   |
| State Aid - Prior Years                                   | 8019            | (185.00)     |            | (185.00)     |
| Transfers to Charter Schools in Lieu of Property Taxes    | 8096            | 2,079,709.00 |            | 2,079,709.00 |
| Other LCFF Transfers                                      | 8091, 8097      |              |            | 0.00         |
| Total, LCFF Sources                                       |                 | 3,084,298.00 | 0.00       | 3,084,298.00 |
| <b>2. Federal Revenues (see NOTE in Section L)</b>        |                 |              |            |              |
| No Child Left Behind                                      | 8290            |              | 32,683.00  | 32,683.00    |
| Special Education - Federal                               | 8181, 8182      |              |            | 0.00         |
| Child Nutrition - Federal                                 | 8220            |              | 22,398.00  | 22,398.00    |
| Other Federal Revenues                                    | 8110, 8260-8299 |              |            | 0.00         |
| Total, Federal Revenues                                   |                 | 0.00         | 55,081.00  | 55,081.00    |
| <b>3. Other State Revenues</b>                            |                 |              |            |              |
| Special Education - State                                 | StateRevSE      |              |            | 0.00         |
| All Other State Revenues                                  | StateRevAO      | 97,400.00    | 17,652.00  | 115,052.00   |
| Total, Other State Revenues                               |                 | 97,400.00    | 17,652.00  | 115,052.00   |
| <b>4. Other Local Revenues</b>                            |                 |              |            |              |
| All Other Local Revenues                                  | LocalRevAO      | 76,909.00    |            | 76,909.00    |
| Total, Local Revenues                                     |                 | 76,909.00    | 0.00       | 76,909.00    |
| <b>5. TOTAL REVENUES</b>                                  |                 |              |            |              |
|   |                 | 3,258,607.00 | 72,733.00  | 3,331,340.00 |
| <b>B. EXPENDITURES (see NOTE in Section L)</b>            |                 |              |            |              |
| <b>1. Certificated Salaries</b>                           |                 |              |            |              |
| Certificated Teachers' Salaries                           | 1100            | 1,201,052.00 |            | 1,201,052.00 |
| Certificated Pupil Support Salaries                       | 1200            |              |            | 0.00         |
| Certificated Supervisors' and Administrators' Salaries    | 1300            | 255,820.00   | 11,917.00  | 267,737.00   |
| Other Certificated Salaries                               | 1900            |              |            | 0.00         |
| Total, Certificated Salaries                              |                 | 1,456,872.00 | 11,917.00  | 1,468,789.00 |
| <b>2. Noncertificated Salaries</b>                        |                 |              |            |              |
| Noncertificated Instructional Salaries                    | 2100            |              |            | 0.00         |
| Noncertificated Support Salaries                          | 2200            |              |            | 0.00         |
| Noncertificated Supervisors' and Administrators' Salaries | 2300            |              |            | 0.00         |
| Clerical and Office Salaries                              | 2400            | 66,192.00    |            | 66,192.00    |
| Other Noncertificated Salaries                            | 2900            | 77,402.00    |            | 77,402.00    |
| Total, Noncertificated Salaries                           |                 | 143,594.00   | 0.00       | 143,594.00   |

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**Charter School Name: Magnolia Science Academy Santa Clara**

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| Description  | Object Code | Unrestricted | Restricted | Total        |
|--|-------------|--------------|------------|--------------|
| <b>3. Employee Benefits</b>  |             |              |            |              |
| STRS   | 3101-3102   | 127,177.00   |            | 127,177.00   |
| PERS   | 3201-3202   | 7,580.00     |            | 7,580.00     |
| OASDI / Medicare / Alternative   | 3301-3302   | 34,552.00    |            | 34,552.00    |
| Health and Welfare Benefits  | 3401-3402   | 220,939.00   | 2,176.00   | 223,115.00   |
| Unemployment Insurance   | 3501-3502   | 812.00       |            | 812.00       |
| Workers' Compensation Insurance  | 3601-3602   | 16,284.47    |            | 16,284.47    |
| OPEB, Allocated  | 3701-3702   |              |            | 0.00         |
| OPEB, Active Employees   | 3751-3752   |              |            | 0.00         |
| Other Employee Benefits  | 3901-3902   | 20,037.00    |            | 20,037.00    |
| Total, Employee Benefits   |             | 427,381.47   | 2,176.00   | 429,557.47   |
| <b>4. Books and Supplies</b>   |             |              |            |              |
| Approved Textbooks and Core Curricula Materials                                    | 4100        | 6,297.00     | 521.00     | 6,818.00     |
| Books and Other Reference Materials  | 4200        | 8,408.00     | 12,911.00  | 21,319.00    |
| Materials and Supplies   | 4300        | 34,808.00    | 16,550.00  | 51,358.00    |
| Noncapitalized Equipment   | 4400        |              |            | 0.00         |
| Food   | 4700        |              | 22,878.00  | 22,878.00    |
| Total, Books and Supplies  |             | 49,513.00    | 52,860.00  | 102,373.00   |
| <b>5. Services and Other Operating Expenditures</b>                                |             |              |            |              |
| Subagreements for Services   | 5100        |              |            | 0.00         |
| Travel and Conferences   | 5200        | 15,496.00    |            | 15,496.00    |
| Dues and Memberships   | 5300        | 3,708.00     |            | 3,708.00     |
| Insurance  | 5400        | 29,536.00    |            | 29,536.00    |
| Operations and Housekeeping Services   | 5500        | 51,813.00    |            | 51,813.00    |
| Rentals, Leases, Repairs, and Noncap. Improvements                                 | 5600        | 524,772.00   |            | 524,772.00   |
| Transfers of Direct Costs  | 5700-5799   | 31,701.00    |            | 31,701.00    |
| Professional/Consulting Services and Operating Expend.                             | 5800        | 373,311.00   | 5,780.00   | 379,091.00   |
| Communications   | 5900        | 7,889.00     |            | 7,889.00     |
| Total, Services and Other Operating Expenditures                                   |             | 1,038,226.00 | 5,780.00   | 1,044,006.00 |
| <b>6. Capital Outlay</b>   |             |              |            |              |
| (Objects 6100-6170, 6200-6500 modified accrual basis only)                         |             |              |            |              |
| Land and Land Improvements   | 6100-6170   |              |            | 0.00         |
| Buildings and Improvements of Buildings  | 6200        |              |            | 0.00         |
| Books and Media for New School Libraries or Major<br>Expansion of School Libraries | 6300        |              |            | 0.00         |
| Equipment  | 6400        |              |            | 0.00         |
| Equipment Replacement  | 6500        |              |            | 0.00         |
| Depreciation Expense (accrual basis only)  | 6900        | 36,000.00    |            | 36,000.00    |
| Total, Capital Outlay  |             | 36,000.00    | 0.00       | 36,000.00    |
| <b>7. Other Outgo</b>  |             |              |            |              |
| Tuition to Other Schools   | 7110-7143   |              |            | 0.00         |
| Transfers of Pass-Through Revenues to Other LEAs                                   | 7211-7213   |              |            | 0.00         |
| Transfers of Apportionments to Other LEAs - Spec. Ed.                              | 7221-7223SE |              |            | 0.00         |
| Transfers of Apportionments to Other LEAs - All Other                              | 7221-7223AO |              |            | 0.00         |
| All Other Transfers  | 7281-7299   |              |            | 0.00         |
| Transfers of Indirect Costs  | 7300-7399   |              |            | 0.00         |
| Debt Service:  |             |              |            |              |
| Interest   | 7438        |              |            | 0.00         |
| Principal (for modified accrual basis only)  | 7439        |              |            | 0.00         |
| Total Debt Service   |             | 0.00         | 0.00       | 0.00         |
| Total, Other Outgo   |             | 0.00         | 0.00       | 0.00         |
| <b>8. TOTAL EXPENDITURES</b>   |             | 3,151,586.47 | 72,733.00  | 3,224,319.47 |

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| Description   | Object Code | Unrestricted | Restricted  | Total      |
|---|-------------|--------------|-------------|------------|
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)</b> |             | 107,020.53   | 0.00        | 107,020.53 |
| <b>D. OTHER FINANCING SOURCES / USES</b>  |             |              |             |            |
| 1. Other Sources  | 8930-8979   |              |             | 0.00       |
| 2. Less: Other Uses   | 7630-7699   |              |             | 0.00       |
| 3. Contributions Between Unrestricted and Restricted Accounts (must net to zero)                            | 8980-8999   |              |             | 0.00       |
| 4. TOTAL OTHER FINANCING SOURCES / USES   |             | 0.00         | 0.00        | 0.00       |
| <b>E. NET INCREASE (DECREASE) IN FUND BALANCE /NET POSITION (C+D4)</b>                                      |             | 107,020.53   | 0.00        | 107,020.53 |
| <b>F. FUND BALANCE / NET POSITION</b>   |             |              |             |            |
| 1. Beginning Fund Balance/Net Position  |             |              |             |            |
| a. As of July 1   | 9791        | 291,501.13   | 57,792.92   | 349,294.05 |
| b. Adjustments/Restatements   | 9793, 9795  | 75,423.34    | (57,792.92) | 17,630.42  |
| c. Adjusted Beginning Fund Balance /Net Position  |             | 366,924.47   | 0.00        | 366,924.47 |
| 2. Ending Fund Balance /Net Position, June 30 (E+F1c)   |             | 473,945.00   | 0.00        | 473,945.00 |
| <b>Components of Ending Fund Balance (Modified Accrual Basis only)</b>                                      |             |              |             |            |
| a. Nonspendable   |             |              |             |            |
| 1. Revolving Cash (equals Object 9130)  | 9711        |              |             | 0.00       |
| 2. Stores (equals Object 9320)  | 9712        |              |             | 0.00       |
| 3. Prepaid Expenditures (equals Object 9330)  | 9713        |              |             | 0.00       |
| 4. All Others   | 9719        |              |             | 0.00       |
| b. Restricted   | 9740        |              |             | 0.00       |
| c. Committed  |             |              |             |            |
| 1. Stabilization Arrangements   | 9750        |              |             | 0.00       |
| 2. Other Commitments  | 9760        |              |             | 0.00       |
| d. Assigned   | 9780        |              |             | 0.00       |
| e. Unassigned/Unappropriated  |             |              |             | 0.00       |
| 1. Reserve for Economic Uncertainties   | 9789        |              |             | 0.00       |
| 2. Unassigned/Unappropriated Amount   | 9790M       |              |             | 0.00       |
| <b>3. Components of Ending Net Position (Accrual Basis only)</b>  |             |              |             |            |
| a. Net Investment in Capital Assets   | 9796        | 144,448.00   |             | 144,448.00 |
| b. Restricted Net Position  | 9797        |              |             | 0.00       |
| c. Unrestricted Net Position  | 9790A       | 329,497.00   | 0.00        | 329,497.00 |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM  
July 1, 2014 to June 30, 2015**

**Charter School Name:** Magnolia Science Academy Santa Clara

**CDS #:** Unaudited Financials FY14-15 Report- Rev 12 4 15

| Description   | Object Code | Unrestricted | Restricted | Total        |
|---|-------------|--------------|------------|--------------|
| <b>G. ASSETS</b>  |             |              |            |              |
| 1. Cash   |             |              |            |              |
| In County Treasury  | 9110        |              |            | 0.00         |
| Fair Value Adjustment to Cash in County Treasury  | 9111        |              |            | 0.00         |
| In Banks  | 9120        | 170,245.00   |            | 170,245.00   |
| In Revolving Fund   | 9130        |              |            | 0.00         |
| With Fiscal Agent/Trustee   | 9135        |              |            | 0.00         |
| Collections Awaiting Deposit  | 9140        |              |            | 0.00         |
| 2. Investments  | 9150        |              |            | 0.00         |
| 3. Accounts Receivable  | 9200        | 814,046.00   |            | 814,046.00   |
| 4. Due from Grantor Governments   | 9290        |              |            | 0.00         |
| 5. Stores   | 9320        |              |            | 0.00         |
| 6. Prepaid Expenditures (Expenses)  | 9330        | 1,174.00     |            | 1,174.00     |
| 7. Other Current Assets   | 9340        | 37,350.00    |            | 37,350.00    |
| 8. Capital Assets (accrual basis only)  | 9400-9489   | 144,448.00   |            | 144,448.00   |
| 9. TOTAL ASSETS   |             | 1,167,263.00 | 0.00       | 1,167,263.00 |
| <b>H. DEFERRED OUTFLOWS OF RESOURCES</b>  |             |              |            |              |
| 1. Deferred Outflows of Resources   | 9490        |              |            | 0.00         |
| 2. TOTAL DEFERRED OUTFLOWS  |             | 0.00         | 0.00       | 0.00         |
| <b>I. LIABILITIES</b>   |             |              |            |              |
| 1. Accounts Payable   | 9500        | 222,739.00   |            | 222,739.00   |
| 2. Due to Grantor Governments   | 9590        |              |            | 0.00         |
| 3. Current Loans  | 9640        | 383,990.00   |            | 383,990.00   |
| 4. Unearned Revenue   | 9650        |              |            | 0.00         |
| 5. Long-Term Liabilities (accrual basis only)   | 9660-9669   | 86,589.00    |            | 86,589.00    |
| 6. TOTAL LIABILITIES  |             | 693,318.00   | 0.00       | 693,318.00   |
| <b>J. DEFERRED INFLOWS OF RESOURCES</b>   |             |              |            |              |
| 1. Deferred Inflows of Resources  | 9690        |              |            | 0.00         |
| 2. TOTAL DEFERRED INFLOWS   |             | 0.00         | 0.00       | 0.00         |
| <b>K. FUND BALANCE /NET POSITION</b>  |             |              |            |              |
| Ending Fund Balance /Net Position, June 30 (G9 + H2) - (I6 + J2)<br>(must agree with Line F2) |             | 473,945.00   | 0.00       | 473,945.00   |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM  
July 1, 2014 to June 30, 2015**

**Charter School Name:** Magnolia Science Academy Santa Clara

**CDS #:** Unaudited Financials FY14-15 Report- Rev 12 4 15

**L. FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT**

**NOTE: IF YOUR CHARTER SCHOOL RECEIVED FEDERAL FUNDING, AS REPORTED IN SECTION A2, THE FOLLOWING ADDITIONAL INFORMATION MUST BE PROVIDED IN ORDER FOR THE CDE TO CALCULATE COMPLIANCE WITH THE FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT:**

**1. Federal Revenue Used for Capital Outlay and Debt Service**

Included in the Capital Outlay and Debt Service expenditures reported in sections B6 and B7 are the following amounts paid out of federal funds:

| Federal Program Name (If no amounts, indicate "NONE")                  | Capital Outlay | Debt Service | Total       |
|--|----------------|--------------|-------------|
| a. none  |                |              | 0.00        |
| b. none  |                |              | 0.00        |
| c. none  |                |              | 0.00        |
| d. none  |                |              | 0.00        |
| e. none  |                |              | 0.00        |
| f. none  |                |              | 0.00        |
| g. none  |                |              | 0.00        |
| h. none  |                |              | 0.00        |
| i. none  |                |              | 0.00        |
| j. none  |                |              | 0.00        |
| <b>TOTAL FEDERAL REVENUES USED FOR CAPITAL OUTLAY AND DEBT SERVICE</b> | <b>0.00</b>    | <b>0.00</b>  | <b>0.00</b> |

**2. Community Services Expenditures**

Provide the amount of State and Local funds reported in Section B that were expended for Community Services Activities:

| Objects of Expenditures                      |              | Amount<br>(Enter "0.00" if none) |
|--|--------------|----------------------------------|
| a. Certificated Salaries                     | 1000-1999    | 0.00                             |
| b. Noncertificated Salaries                  | 2000-2999    | 0.00                             |
| c. Employee Benefits                         | except 3801- | 0.00                             |
| d. Books and Supplies                        | 4000-4999    | 0.00                             |
| e. Services and Other Operating Expenditures | 5000-5999    | 0.00                             |
| <b>TOTAL COMMUNITY SERVICES EXPENDITURES</b> |              | <b>0.00</b>                      |

**CHARTER SCHOOL UNAUDITED ACTUALS  
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July 1, 2014 to June 30, 2015**

**Charter School Name:** Magnolia Science Academy Santa Clara

**CDS #:** Unaudited Financials FY14-15 Report- Rev 12 4 15

**3. State and Local Expenditures to be Used for Annual NCLB Maintenance of Effort Calculation:**

Results of this calculation will be used for comparison with 2013-14 expenditures. Failure to maintain the required 90 percent expenditure level on either an aggregate or per capita expenditure basis will result in reduction to allocations for covered programs in 2016-17.

|  |                        |
|--|------------------------|
| a. Total Expenditures (B8)   | 3,224,319.47           |
| b. Less Federal Expenditures (Total A2)<br>[Revenues are used as proxy for expenditures because most federal revenues are normally recognized in the period that qualifying expenditures are incurred] | 55,081.00              |
| c. Subtotal of State & Local Expenditures<br>[a minus b]   | 3,169,238.47           |
| d. Less Community Services<br>[L2 Total]   | 0.00                   |
| e. Less Capital Outlay & Debt Service<br>[Total B6 plus objects 7438 and 7439, less L1 Total]  | 36,000.00              |
| <b>TOTAL STATE &amp; LOCAL EXPENDITURES SUBJECT TO MOE</b><br>[c minus d minus e]  | <b>\$ 3,133,238.47</b> |



# **MSA-SD**

## **Unaudited Actuals**

**as of 06/30/2015 (12 months)**  
(Prepared August 7, 2015)

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2014 to June 30, 2015

Charter School Name: MAGNOLIA SCIENCE ACADEMY-SAN DIEGO

CDS #: 37683380109157

Charter Approving Entity: San Diego Unified School District

County: San Diego County of Education

Charter #: 0698

This charter school uses the following basis of accounting:

(Please enter an "X" in the applicable box below; check only one box)

**Accrual Basis** (Applicable Capital Assets/Interest on Long-Term Debt/Long-Term Liabilities/Net Position objects are 6900, 7438, 9400-9489, 9660-9669, 9796, and 9797)

**Modified Accrual Basis** (Applicable Capital Outlay/Debt Service/Fund Balance objects are 6100-6170, 6200-6500, 7438, 7439, and 9711-9789)

| Description   | Object Code     | Unrestricted | Restricted | Total        |
|---|-----------------|--------------|------------|--------------|
| <b>A. REVENUES</b>  |                 |              |            |              |
| <b>1. LCFF Sources</b>                                    |                 |              |            |              |
| State Aid - Current Year                                  | 8011            | 430,163.00   |            | 430,163.00   |
| Education Protection Account State Aid - Current Year     | 8012            | 373,559.00   |            | 373,559.00   |
| State Aid - Prior Years                                   | 8019            | (92,982.00)  |            | (92,982.00)  |
| Transfers to Charter Schools in Lieu of Property Taxes    | 8096            | 1,515,770.00 |            | 1,515,770.00 |
| Other LCFF Transfers                                      | 8091, 8097      | 17,181.00    |            | 17,181.00    |
| Total, LCFF Sources                                       |                 | 2,243,691.00 | 0.00       | 2,243,691.00 |
| <b>2. Federal Revenues (see NOTE in Section L)</b>        |                 |              |            |              |
| No Child Left Behind                                      | 8290            |              | 26,920.00  | 26,920.00    |
| Special Education - Federal                               | 8181, 8182      |              | 44,649.00  | 44,649.00    |
| Child Nutrition - Federal                                 | 8220            |              | 23,013.00  | 23,013.00    |
| Other Federal Revenues                                    | 8110, 8260-8299 | 0.00         |            | 0.00         |
| Total, Federal Revenues                                   |                 | 0.00         | 94,582.00  | 94,582.00    |
| <b>3. Other State Revenues</b>                            |                 |              |            |              |
| Special Education - State                                 | StateRevSE      |              | 215,716.00 | 215,716.00   |
| All Other State Revenues                                  | StateRevAO      | 73,433.00    | 13,710.00  | 87,143.00    |
| Total, Other State Revenues                               |                 | 73,433.00    | 229,426.00 | 302,859.00   |
| <b>4. Other Local Revenues</b>                            |                 |              |            |              |
| All Other Local Revenues                                  | LocalRevAO      | 99,894.00    |            | 99,894.00    |
| Total, Local Revenues                                     |                 | 99,894.00    | 0.00       | 99,894.00    |
| <b>5. TOTAL REVENUES</b>                                  |                 |              |            |              |
|   |                 | 2,417,018.00 | 324,008.00 | 2,741,026.00 |
| <b>B. EXPENDITURES (see NOTE in Section L)</b>            |                 |              |            |              |
| <b>1. Certificated Salaries</b>                           |                 |              |            |              |
| Certificated Teachers' Salaries                           | 1100            | 861,466.00   | 175,000.00 | 1,036,466.00 |
| Certificated Pupil Support Salaries                       | 1200            | 0.00         |            | 0.00         |
| Certificated Supervisors' and Administrators' Salaries    | 1300            | 169,263.00   | 18,800.00  | 188,063.00   |
| Other Certificated Salaries                               | 1900            |              |            | 0.00         |
| Total, Certificated Salaries                              |                 | 1,030,729.00 | 193,800.00 | 1,224,529.00 |
| <b>2. Noncertificated Salaries</b>                        |                 |              |            |              |
| Noncertificated Instructional Salaries                    | 2100            |              |            | 0.00         |
| Noncertificated Support Salaries                          | 2200            |              |            | 0.00         |
| Noncertificated Supervisors' and Administrators' Salaries | 2300            |              |            | 0.00         |
| Clerical and Office Salaries                              | 2400            | 61,731.00    |            | 61,731.00    |
| Other Noncertificated Salaries                            | 2900            | 82,112.00    |            | 82,112.00    |
| Total, Noncertificated Salaries                           |                 | 143,843.00   | 0.00       | 143,843.00   |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

**July 1, 2014 to June 30, 2015**

**Charter School Name: MAGNOLIA SCIENCE ACADEMY-SAN DIEGO**

**CDS #: 37683380109157**

| Description   | Object Code | Unrestricted        | Restricted        | Total               |
|---|-------------|---------------------|-------------------|---------------------|
| <b>3. Employee Benefits</b>   |             |                     |                   |                     |
| STRS  | 3101-3102   | 95,465.00           | 7,520.00          | 102,985.00          |
| PERS  | 3201-3202   | 6,793.00            |                   | 6,793.00            |
| OASDI / Medicare / Alternative  | 3301-3302   | 32,901.00           |                   | 32,901.00           |
| Health and Welfare Benefits   | 3401-3402   | 203,231.00          | 10,881.00         | 214,112.00          |
| Unemployment Insurance  | 3501-3502   | 690.00              |                   | 690.00              |
| Workers' Compensation Insurance   | 3601-3602   | 14,005.00           |                   | 14,005.00           |
| OPEB, Allocated   | 3701-3702   |                     |                   | 0.00                |
| OPEB, Active Employees  | 3751-3752   |                     |                   | 0.00                |
| Other Employee Benefits   | 3901-3902   | 15,931.00           |                   | 15,931.00           |
| Total, Employee Benefits  |             | 369,016.00          | 18,401.00         | 387,417.00          |
| <b>4. Books and Supplies</b>  |             |                     |                   |                     |
| Approved Textbooks and Core Curricula Materials                                 | 4100        | 5,907.00            |                   | 5,907.00            |
| Books and Other Reference Materials   | 4200        | 8,458.00            | 1,350.00          | 9,808.00            |
| Materials and Supplies  | 4300        | 62,694.00           | 13,710.00         | 76,404.00           |
| Noncapitalized Equipment  | 4400        | 16,621.00           |                   | 16,621.00           |
| Food  | 4700        | 15,468.00           | 23,013.00         | 38,481.00           |
| Total, Books and Supplies   |             | 109,148.00          | 38,073.00         | 147,221.00          |
| <b>5. Services and Other Operating Expenditures</b>                             |             |                     |                   |                     |
| Subagreements for Services  | 5100        |                     |                   | 0.00                |
| Travel and Conferences  | 5200        | 11,763.00           |                   | 11,763.00           |
| Dues and Memberships  | 5300        | 3,098.00            |                   | 3,098.00            |
| Insurance   | 5400        | 18,315.00           |                   | 18,315.00           |
| Operations and Housekeeping Services  | 5500        | 34,167.00           |                   | 34,167.00           |
| Rentals, Leases, Repairs, and Noncap. Improvements                              | 5600        | 15,754.00           |                   | 15,754.00           |
| Transfers of Direct Costs   | 5700-5799   |                     |                   | 0.00                |
| Professional/Consulting Services and Operating Expend.                          | 5800        | 480,773.00          | 73,734.00         | 554,507.00          |
| Communications  | 5900        | 10,421.00           |                   | 10,421.00           |
| Total, Services and Other Operating Expenditures                                |             | 574,291.00          | 73,734.00         | 648,025.00          |
| <b>6. Capital Outlay</b>  |             |                     |                   |                     |
| (Objects 6100-6170, 6200-6500 modified accrual basis only)                      |             |                     |                   |                     |
| Land and Land Improvements  | 6100-6170   |                     |                   | 0.00                |
| Buildings and Improvements of Buildings   | 6200        |                     |                   | 0.00                |
| Books and Media for New School Libraries or Major Expansion of School Libraries | 6300        |                     |                   | 0.00                |
| Equipment   | 6400        |                     |                   | 0.00                |
| Equipment Replacement   | 6500        |                     |                   | 0.00                |
| Depreciation Expense (accrual basis only)                                       | 6900        | 20,000.00           |                   | 20,000.00           |
| Total, Capital Outlay   |             | 20,000.00           | 0.00              | 20,000.00           |
| <b>7. Other Outgo</b>   |             |                     |                   |                     |
| Tuition to Other Schools  | 7110-7143   |                     |                   | 0.00                |
| Transfers of Pass-Through Revenues to Other LEAs                                | 7211-7213   |                     |                   | 0.00                |
| Transfers of Apportionments to Other LEAs - Spec. Ed.                           | 7221-7223SE |                     |                   | 0.00                |
| Transfers of Apportionments to Other LEAs - All Other                           | 7221-7223AO |                     |                   | 0.00                |
| All Other Transfers   | 7281-7299   |                     |                   | 0.00                |
| Transfers of Indirect Costs   | 7300-7399   |                     |                   | 0.00                |
| Debt Service:   |             |                     |                   |                     |
| Interest  | 7438        |                     |                   | 0.00                |
| Principal (for modified accrual basis only)                                     | 7439        |                     |                   | 0.00                |
| Total Debt Service  |             | 0.00                | 0.00              | 0.00                |
| Total, Other Outgo  |             | 0.00                | 0.00              | 0.00                |
| <b>8. TOTAL EXPENDITURES</b>  |             | <b>2,247,027.00</b> | <b>324,008.00</b> | <b>2,571,035.00</b> |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM  
July 1, 2014 to June 30, 2015**

Charter School Name: MAGNOLIA SCIENCE ACADEMY-SAN DIEGO

CDS #: 37683380109157

| Description   | Object Code | Unrestricted | Restricted  | Total      |
|---|-------------|--------------|-------------|------------|
| <b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)</b> |             | 169,991.00   | 0.00        | 169,991.00 |
| <b>D. OTHER FINANCING SOURCES / USES</b>  |             |              |             |            |
| 1. Other Sources  | 8930-8979   |              |             | 0.00       |
| 2. Less: Other Uses   | 7630-7699   |              |             | 0.00       |
| 3. Contributions Between Unrestricted and Restricted Accounts<br>(must net to zero)                         | 8980-8999   |              |             | 0.00       |
| 4. TOTAL OTHER FINANCING SOURCES / USES   |             | 0.00         | 0.00        | 0.00       |
| <b>E. NET INCREASE (DECREASE) IN FUND BALANCE /NET POSITION (C+D4)</b>                                      |             | 169,991.00   | 0.00        | 169,991.00 |
| <b>F. FUND BALANCE / NET POSITION</b>   |             |              |             |            |
| 1. Beginning Fund Balance/Net Position  |             |              |             |            |
| a. As of July 1   | 9791        | 230,064.00   | 169,973.00  | 400,037.00 |
| b. Adjustments/Restatements   | 9793, 9795  | 63,440.00    | (18,167.00) | 45,273.00  |
| c. Adjusted Beginning Fund Balance /Net Position  |             | 293,504.00   | 151,806.00  | 445,310.00 |
| 2. Ending Fund Balance /Net Position, June 30 (E+F1c)   |             | 463,495.00   | 151,806.00  | 615,301.00 |
| <b>Components of Ending Fund Balance (Modified Accrual Basis only)</b>                                      |             |              |             |            |
| a. Nonspendable   |             |              |             |            |
| 1. Revolving Cash (equals Object 9130)  | 9711        |              |             | 0.00       |
| 2. Stores (equals Object 9320)  | 9712        |              |             | 0.00       |
| 3. Prepaid Expenditures (equals Object 9330)  | 9713        |              |             | 0.00       |
| 4. All Others   | 9719        |              |             | 0.00       |
| b. Restricted   | 9740        |              |             | 0.00       |
| c. Committed  |             |              |             |            |
| 1. Stabilization Arrangements   | 9750        |              |             | 0.00       |
| 2. Other Commitments  | 9760        |              |             | 0.00       |
| d. Assigned   | 9780        |              |             | 0.00       |
| e. Unassigned/Unappropriated  |             |              |             | 0.00       |
| 1. Reserve for Economic Uncertainties   | 9789        |              |             | 0.00       |
| 2. Unassigned/Unappropriated Amount   | 9790M       |              |             | 0.00       |
| <b>3. Components of Ending Net Position (Accrual Basis only)</b>  |             |              |             |            |
| a. Net Investment in Capital Assets   | 9796        |              |             | 0.00       |
| b. Restricted Net Position  | 9797        |              | 151,806.00  | 151,806.00 |
| c. Unrestricted Net Position  | 9790A       | 463,495.00   | 0.00        | 463,495.00 |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

**July 1, 2014 to June 30, 2015**

**Charter School Name: MAGNOLIA SCIENCE ACADEMY-SAN DIEGO**

**CDS #: 37683380109157**

| Description   | Object Code | Unrestricted | Restricted | Total        |
|---|-------------|--------------|------------|--------------|
| <b>G. ASSETS</b>  |             |              |            |              |
| 1. Cash   |             |              |            |              |
| In County Treasury  | 9110        | 102,156.34   |            | 102,156.34   |
| Fair Value Adjustment to Cash in County Treasury  | 9111        |              |            | 0.00         |
| In Banks  | 9120        | 280,001.33   | 118,997.68 | 398,999.01   |
| In Revolving Fund   | 9130        |              |            | 0.00         |
| With Fiscal Agent/Trustee   | 9135        |              |            | 0.00         |
| Collections Awaiting Deposit  | 9140        |              |            | 0.00         |
| 2. Investments  | 9150        |              |            | 0.00         |
| 3. Accounts Receivable  | 9200        | 249,856.53   |            | 249,856.53   |
| 4. Due from Grantor Governments   | 9290        |              |            | 0.00         |
| 5. Stores   | 9320        |              |            | 0.00         |
| 6. Prepaid Expenditures (Expenses)  | 9330        |              |            | 0.00         |
| 7. Other Current Assets   | 9340        |              |            | 0.00         |
| 8. Capital Assets (accrual basis only)  | 9400-9489   | 122,088.20   | 184,614.52 | 306,702.72   |
| 9. TOTAL ASSETS   |             | 754,102.40   | 303,612.20 | 1,057,714.60 |
| <b>H. DEFERRED OUTFLOWS OF RESOURCES</b>  |             |              |            |              |
| 1. Deferred Outflows of Resources   | 9490        |              |            | 0.00         |
| 2. TOTAL DEFERRED OUTFLOWS  |             | 0.00         | 0.00       | 0.00         |
| <b>I. LIABILITIES</b>   |             |              |            |              |
| 1. Accounts Payable   | 9500        | 287,667.40   | 0.00       | 287,667.40   |
| 2. Due to Grantor Governments   | 9590        |              |            | 0.00         |
| 3. Current Loans  | 9640        |              |            | 0.00         |
| 4. Unearned Revenue   | 9650        | 2,940.00     |            | 2,940.00     |
| 5. Long-Term Liabilities (accrual basis only)   | 9660-9669   |              | 151,806.10 | 151,806.10   |
| 6. TOTAL LIABILITIES  |             | 290,607.40   | 151,806.10 | 442,413.50   |
| <b>J. DEFERRED INFLOWS OF RESOURCES</b>   |             |              |            |              |
| 1. Deferred Inflows of Resources  | 9690        |              |            | 0.00         |
| 2. TOTAL DEFERRED INFLOWS   |             | 0.00         | 0.00       | 0.00         |
| <b>K. FUND BALANCE /NET POSITION</b>  |             |              |            |              |
| Ending Fund Balance /Net Position, June 30 (G9 + H2) - (I6 + J2)<br>(must agree with Line F2) |             | 463,495.00   | 151,806.10 | 615,301.10   |

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

July 1, 2014 to June 30, 2015

Charter School Name: MAGNOLIA SCIENCE ACADEMY-SAN DIEGO

CDS #: 37683380109157

**L. FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT**

**NOTE: IF YOUR CHARTER SCHOOL RECEIVED FEDERAL FUNDING, AS REPORTED IN SECTION A2, THE FOLLOWING ADDITIONAL INFORMATION MUST BE PROVIDED IN ORDER FOR THE CDE TO CALCULATE COMPLIANCE WITH THE FEDERAL NO CHILD LEFT BEHIND (NCLB) MAINTENANCE OF EFFORT REQUIREMENT:**

**1. Federal Revenue Used for Capital Outlay and Debt Service**

Included in the Capital Outlay and Debt Service expenditures reported in sections B6 and B7 are the following amounts paid out of federal funds:

| Federal Program Name (If no amounts, indicate "NONE") | Capital Outlay | Debt Service | Total |
|---|----------------|--------------|-------|
| a. None   |                |              | 0.00  |
| b. None   |                |              | 0.00  |
| c. None   |                |              | 0.00  |
| d. None   |                |              | 0.00  |
| e. None   |                |              | 0.00  |
| f. None   |                |              | 0.00  |
| g. None   |                |              | 0.00  |
| h. None   |                |              | 0.00  |
| i. None   |                |              | 0.00  |
| j. None   |                |              | 0.00  |
|   | 0.00           | 0.00         | 0.00  |

TOTAL FEDERAL REVENUES USED FOR CAPITAL OUTLAY AND DEBT SERVICE

**2. Community Services Expenditures**

Provide the amount of State and Local funds reported in Section B that were expended for Community Services Activities:

| Objects of Expenditures                      |              | Amount<br>(Enter "0.00" if none) |
|--|--------------|----------------------------------|
| a. Certificated Salaries                     | 1000-1999    | 0.00                             |
| b. Noncertificated Salaries                  | 2000-2999    | 0.00                             |
| c. Employee Benefits                         | except 3801- | 0.00                             |
| d. Books and Supplies                        | 4000-4999    | 0.00                             |
| e. Services and Other Operating Expenditures | 5000-5999    | 0.00                             |
|  |              | 0.00                             |

TOTAL COMMUNITY SERVICES EXPENDITURES

**CHARTER SCHOOL UNAUDITED ACTUALS  
FINANCIAL REPORT -- ALTERNATIVE FORM**

**July 1, 2014 to June 30, 2015**

**Charter School Name:** MAGNOLIA SCIENCE ACADEMY-SAN DIEGO

**CDS #:** 37683380109157

**3. State and Local Expenditures to be Used for Annual NCLB Maintenance of Effort Calculation:**

Results of this calculation will be used for comparison with 2013-14 expenditures. Failure to maintain the required 90 percent expenditure level on either an aggregate or per capita expenditure basis will result in reduction to allocations for covered programs in 2016-17.

|    |   |                        |
|----|---|------------------------|
| a. | Total Expenditures (B8)   | 2,571,035.00           |
| b. | Less Federal Expenditures (Total A2)<br>[Revenues are used as proxy for expenditures because most federal revenues are normally recognized in the period that qualifying expenditures are incurred] | 94,582.00              |
| c. | Subtotal of State & Local Expenditures<br>[a minus b]   | 2,476,453.00           |
| d. | Less Community Services<br>[L2 Total]   | 0.00                   |
| e. | Less Capital Outlay & Debt Service<br>[Total B6 plus objects 7438 and 7439, less L1 Total]  | 20,000.00              |
|    | <b>TOTAL STATE &amp; LOCAL EXPENDITURES SUBJECT TO MOE</b><br>[c minus d minus e]   | <b>\$ 2,456,453.00</b> |

# Cover Sheet

## Approval of 2014-15 Audited Financials

**Section:** II. Action Items  
**Item:** B. Approval of 2014-15 Audited Financials  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II B Draft Audited Financials.pdf





# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

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|                   |  |
|-------------------|--|
| Board Agenda Item | II B   |
| Date:             | December 10 , 2015                               |
| To:               | Magnolia Board of Directors                      |
| From:             | Caprice Young, Ed.D., CEO & Superintendent       |
| Staff Lead:       | Oswaldo Diaz, Chief Financial Officer            |
| RE:               | Approval of 2014-15 Audited Financial Statements |

### **Proposed Board Recommendation**

I move that the Board approves the 2014-15 Audited Financial Statements included in the board agenda, item II.B.

### **Background**

The independent financial audit report is required in accordance with Education Code Section 41020 and 47605(m). Charter schools must submit the independent financial audit report to their authorizing agencies, county superintendent of schools, California Department of Education, and the State Controller's office no later than December 15, 2015.

Name of Staff Originator: Oswaldo Diaz, Chief Financial Officer

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Magnolia Educational & Research Foundation and Affiliates  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Magnolia Educational & Research Foundation (MERF) (A California Nonprofit Public Benefit Corporation) and Affiliates, which are comprised of the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the basic financial statements.

### Management's Responsibility for the Consolidated 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 consolidated 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 consolidated 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 from 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 MERF and Affiliate'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 MERF and Affiliate'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.

DRAFT 12/09/2015

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MERF and Affiliates as of June 30, 2015, 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***Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise MERF and Affiliate's basic financial statements. The supplementary information such as the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of MERF and Affiliate'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 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 MERF and Affiliate's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

---

**ASSETS**

Current Assets:

|   |                   |
|---|-------------------|
| Cash and cash equivalents                 | \$ 10,173,244     |
| Restricted cash and cash equivalents      | 998,292           |
| Accounts receivable                       | 4,170,911         |
| Prepaid expenses and other current assets | 29,854            |
| Total Current Assets                      | <u>15,372,301</u> |

Non-Current Assets:

|                                |                      |
|--------------------------------|----------------------|
| Debt issue costs, net          | 126,849              |
| Security deposits              | 110,561              |
| Fixed assets                   | 10,716,608           |
| Less: accumulated depreciation | <u>1,795,398</u>     |
| Total Non-Current Assets       | <u>9,158,620</u>     |
| Total Assets                   | <u>\$ 24,530,921</u> |

**LIABILITIES**

Current Liabilities:

|  |                  |
|--|------------------|
| Accounts payable and accruals            | \$ 2,479,895     |
| Deferred revenue                         | 445,725          |
| Current portion of long-term obligations | 244,392          |
| Total Current Liabilities                | <u>3,170,012</u> |

Long-Term Obligations:

|  |                   |
|--|-------------------|
| Non-current portion of long-term obligations | <u>8,263,038</u>  |
| Total Liabilities                            | <u>11,433,050</u> |

**NET ASSETS**

|                                  |                      |
|----------------------------------|----------------------|
| Unrestricted                     | <u>13,097,871</u>    |
| Total Net Assets                 | <u>13,097,871</u>    |
| Total Liabilities and Net Assets | <u>\$ 24,530,921</u> |

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

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**REVENUES**

|                      |                      |
|----------------------|----------------------|
| State apportionments | \$ 26,635,709        |
| Federal revenue      | 2,425,080            |
| Other State revenue  | 4,313,775            |
| Rent revenue         | 447,519              |
| Local revenue        | 535,375              |
| Total Revenues       | <u>\$ 34,357,458</u> |

**EXPENSES**

|                        |                   |
|------------------------|-------------------|
| Program services:      |                   |
| Salaries and benefits  | \$ 19,967,246     |
| Student services       | 2,190,954         |
| Materials and supplies | 932,131           |
| Student nutrition      | 1,182,504         |
| Other expenses         | 300,509           |
| Occupancy              | -                 |
| Subtotal               | <u>24,573,344</u> |

Management and general:

|                    |                   |
|--------------------|-------------------|
| Depreciation       | 286,341           |
| Occupancy          | 2,669,178         |
| Operating expenses | 3,668,367         |
| Interest           | 8,485             |
| Subtotal           | <u>6,632,371</u>  |
| Total Expenses     | <u>31,205,715</u> |

|                                      |                      |
|--------------------------------------|----------------------|
| <b>CHANGE IN NET ASSETS</b>          | 3,151,743            |
| <b>NET ASSETS, BEGINNING OF YEAR</b> | <u>9,946,128</u>     |
| <b>NET ASSETS, END OF YEAR</b>       | <u>\$ 13,097,871</u> |

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

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                  |
|---|------------------|
| <b>Change in net assets</b>   | \$ 3,151,743     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                  |
| Depreciation expense  | 286,341          |
| Changes in operating assets and liabilities:  |                  |
| (Increase) Decrease in assets   |                  |
| Accounts receivable   | 539,884          |
| Pledge receivable   | 150,000          |
| Prepaid expenses and other current assets   | (29,854)         |
| Security deposits   | 162,823          |
| Increase in liabilities   |                  |
| Accounts payable and accruals   | 246,589          |
| Deferred revenue  | 116,704          |
| Net Cash Provided by Operating Activities   | <u>4,624,230</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                       |                  |
|---------------------------------------|------------------|
| Capital expenditures                  | (627,399)        |
| Change to capital assets, net         | (21,298)         |
| Net Cash Used by Investing Activities | <u>(648,697)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                  |
|---|------------------|
| Loan principal payments                   | (46,890)         |
| Proceeds from long-term debt obligation   | 86,589           |
| Cash restricted to meet debt obligation   | (998,292)        |
| Net Cash Provided by Financing Activities | <u>(958,593)</u> |

|                                   |                      |
|-----------------------------------|----------------------|
| <b>NET INCREASE IN CASH</b>       | <u>3,016,940</u>     |
| <b>CASH AND CASH EQUIVALENTS,</b> |                      |
| <b>BEGINNING OF YEAR</b>          | <u>7,156,304</u>     |
| <b>CASH AND CASH EQUIVALENTS,</b> |                      |
| <b>END OF YEAR</b>                | <u>\$ 10,173,244</u> |

**Supplemental cash flow disclosure:**

|  |                 |
|--|-----------------|
| Cash paid during the period for interest | <u>\$ 8,485</u> |
|--|-----------------|

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



**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

*Magnolia Educational & Research Foundation*

Magnolia Educational & Research Foundation (MERF) is a California not-for-profit organization. During the fiscal year ended June 30, 2015, MERF operated eleven Magnolia Science Academy (MSA) kindergarten through grade twelve charter schools serving 3,790 students throughout California dedicated to inspiring students to choose career paths in science, technology, engineering, and math (STEM), while providing a robust, standards-based education program within a supportive culture of excellence.

To ensure students have the tools to succeed, the charter schools offer the following programs, which are mostly free of charge:

- Academic programs
- Student support programs
- After school programs
- Parent involvement programs

The charter schools operate under the approval of the California State Board of Education, Santa Clara County Office of Education, Los Angeles Unified School District and San Diego Unified School District. Each school receives public per-pupil funding from the State of California, in addition to grants from various government sources.

**Other Related Entities**

*MPM Sherman Way, LLC*

Magnolia Educational & Research Foundation, (MERF), formed the MPM Sherman Way, LLC (the LLC) exclusively for the acquisition of property and assets of Magnolia Science Academy Charter Schools, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The Charter Schools makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA 1 Reseda Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the MERF. MERF is the sole member of the LLC.

*Joint Powers Agency and Risk Management Pools*

Magnolia Science Academy Charter Schools are associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of MERF. Additional information is presented in Note 14 to the financial statements.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by MERF are described below to enhance the use of the consolidated financial statements to the reader.

**Financial Statement Presentation**

MERF is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. MERF had no temporarily or permanently restricted net assets, as of June 30, 2015. In addition, MERF is required to present a Statement of Cash Flows.

**Accounting Method - Basis of Accounting**

The financial statements were prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, Not-for-Profit Organizations accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or when the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions". MERF had temporarily restricted net assets of \$2,753,626 at June 30, 2015. The LLC had no temporarily or permanently restricted net assets at June 30, 2015.

In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded if they create or enhance non-financial assets or require a specialized skill that MERF would otherwise need to purchase. As of June 30, 2015, no in-kind contributions of services were received.

Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which generally require revenue recognition upon incurrence of expenses related to the specified services. Deferred revenue is recorded to the extent cash received on specific grants exceeds qualified expenses.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Income Taxes**

MERF is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as a public charity described in Section 509(a)(1) Type 1 supporting organizations and is exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The statute of limitations for Federal and California State purposes is generally three and four years, respectively.

MERF has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. MERF 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.

**Cash and Cash Equivalents**

For purposes of the Consolidated Statement of Cash Flows, MERF considers all highly liquid investments available for current use with an initial maturity of three months or less to be considered as cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management had determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

**Intra-company Receivable/Payable**

Intra-company receivable/payable results from a net cumulative difference between resources provided by MERF Headquarters to each individual charter school and reimbursement for those resources from each individual charter school to MERF Headquarters.

**Fixed Assets**

It is MERF's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Building and leasehold improvements, furniture, and equipment are depreciated using the straight-line method, from two to 30 years. Depreciation expense for the year ended June 30, 2015, was \$286,341.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of MERF and the LLC.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The LLC does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used. MERF and the LLC do not have permanently restricted net assets.

**Consolidation**

The consolidated financial statements include the accounts of MERF, the LLC, and all MSA charter schools. All significant intra-company accounts and transactions have been eliminated in consolidation.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 8,182,558</u>        | <u>\$ 9,720,685</u>     |

The majority of MERF's cash is held in bank accounts, which are subject to federally insured limits of \$250,000. MERF has not experienced any losses in such accounts. At June 30, 2015, MERF had \$9,470,685 in excess of FDIC insured limits in bank accounts.

**NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS**

At June 30, 2015, cash held for restricted purposes consisted of the following:

|                  | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|------------------|----------------------------|-------------------------|
| Facility reserve | <u>\$ 998,292</u>          | <u>\$ 998,292</u>       |

**NOTE 5 - INVESTMENTS**

**Summary of Investments**

Two MSA charter schools have investments held in county investment pools. Investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

*Magnolia Science Academy San Diego*

| <u>Investment Type</u>                    | <u>Reported<br/>Amount</u> | <u>Fair Market<br/>Value</u> |
|---|----------------------------|------------------------------|
| San Diego County Treasury Investment Pool | <u>\$ 102,156</u>          | <u>\$ 102,103</u>            |

*Magnolia Science Academy Santa Ana*

| <u>Investment Type</u>                 | <u>Reported<br/>Amount</u> | <u>Fair Market<br/>Value</u> |
|--|----------------------------|------------------------------|
| Orange County Treasury Investment Pool | <u>\$ 68,678</u>           | <u>\$ 68,550</u>             |

Deposits with county treasurer are an external investment pool sponsored by the County of San Diego and Orange, respectively. County deposits are not required to be categorized. The pools provided the fair value for these deposits.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The charter schools do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The charter schools manage exposure to interest rate risk by investing in the County Pool.

***NOTE 6- MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

MERF determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. MERF did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015.

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*Magnolia Science Academy San Diego*

| <u>Investment Type</u>           | <u>Level</u> | <u>Fair Value</u> | <u>Weighted Average Maturity in Days</u> |
|----------------------------------|--------------|-------------------|--|
| San Diego County Investment Pool | 2            | <u>\$ 102,103</u> | 253                                      |

*Magnolia Science Academy Santa Ana*

| <u>Investment Type</u>        | <u>Level</u> | <u>Fair Value</u> | <u>Weighted Average Maturity in Days</u> |
|-------------------------------|--------------|-------------------|--|
| Orange County Investment Pool | 2            | <u>\$ 68,550</u>  | 278                                      |

**NOTE 7 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                     |
|-------------------------------|---------------------|
| Local Control Funding Formula | \$ 2,501,465        |
| Federal receivable            | 556,876             |
| State receivable              | 174,872             |
| Due From LACOE                | 360,947             |
| Local receivable              | 415,598             |
| Lottery                       | 161,153             |
| Total Accounts Receivable     | <u>\$ 4,170,911</u> |

**Revenue**

MERF received 94 percent of its revenue in the form of fees and grants from government programs for the year ended June 30, 2015. The balance due from those programs accounted for 96 percent of accounts receivable at June 30, 2015. Without these sources of revenue, MERF would have difficulty maintaining its operations.

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**NOTE 8 - FIXED ASSETS**

Fixed assets at June 30, 2015, consisted of the following:

|                                |                     |
|--------------------------------|---------------------|
| Land                           | \$ 1,386,754        |
| Building improvements          | 3,134,064           |
| Leasehold improvements         | 402,722             |
| Computer and equipment         | 1,962,040           |
| Work in progress               | <u>3,831,028</u>    |
| Subtotal                       | 10,716,608          |
| Less: accumulated depreciation | <u>(1,795,398)</u>  |
| Total Fixed Assets             | <u>\$ 8,921,210</u> |

During the year ended June 30, 2015, \$286,341 was charged to depreciation expense.

**NOTE 9 - ACCOUNTS PAYABLE AND ACCRUALS**

Accounts payable at June 30, 2015, consisted of the following:

|                                     |                     |
|-------------------------------------|---------------------|
| Salaries and benefits               | \$ 301,318          |
| Vendor payables                     | 640,187             |
| Other payable                       | <u>1,538,390</u>    |
| Total Accounts Payable and Accruals | <u>\$ 2,479,895</u> |

**NOTE 10 - LONG-TERM OBLIGATIONS**

At June 30, 2015, MERF's long-term obligations summary is as follows:

|                 | Balance<br>July 1, 2014 | Additions        | Deductions       | Balance<br>June 30, 2015 | Due in<br>One Year |
|-----------------|-------------------------|------------------|------------------|--------------------------|--------------------|
| Bonds payable   | \$ 6,020,000            | \$ -             | \$ -             | \$ 6,020,000             | \$ 70,000          |
| Revolving loans | 2,447,731               | -                | 46,890           | 2,400,841                | 116,666            |
| Notes payable   | -                       | 86,589           | -                | 86,589                   | 57,726             |
| Total           | <u>\$ 8,467,731</u>     | <u>\$ 86,589</u> | <u>\$ 46,890</u> | <u>\$ 8,507,430</u>      | <u>\$ 244,392</u>  |

**California School Finance Authority (CSFA) School Facility Revenue Bonds**

In June 2004, the CSFA issued \$6,020,000 in School Facilities Revenues, Series 2014A and Series 2014B for the purpose of a loan to MPM Sherman Way, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bonds mature August 2044, with monthly interest payments due commencing July 1, 2044. At June 30, 2015, the principal balance outstanding was \$6,020,000.



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The bonds mature through 2044 as follows:

| <u>Repayment Year</u> | <u>Principal</u>    | <u>Interest to<br/>Maturity</u> | <u>Total</u>         |
|-----------------------|---------------------|---------------------------------|----------------------|
| 2016                  | \$ 70,000           | \$ 372,896                      | \$ 442,896           |
| 2017                  | 80,000              | 362,887                         | 442,887              |
| 2018                  | 85,000              | 357,287                         | 442,287              |
| 2019                  | 90,000              | 351,337                         | 441,337              |
| 2020                  | 100,000             | 345,037                         | 445,037              |
| 2021-2025             | 580,000             | 1,639,436                       | 2,219,436            |
| 2026-2030             | 760,000             | 1,458,835                       | 2,218,835            |
| 2031-2035             | 1,260,000           | 1,202,035                       | 2,462,035            |
| 2036-2040             | 1,460,000           | 967,197                         | 2,427,197            |
| 2041-2044             | 1,535,000           | 247,186                         | 1,782,186            |
| Total                 | <u>\$ 6,020,000</u> | <u>\$ 7,304,133</u>             | <u>\$ 13,324,133</u> |

**Revolving Loans**

At June 30, 2015, MERF's revolving loans are as follows:

*Magnolia Science Academy 2*

Magnolia Science Academy 2 applied for, and was accepted into, the California School Finance Authority Charter School Revolving Loan Program. The Charter School received a loan in the amount of \$100,000. The loan bears an interest rate of 0.24 percent. The terms of the loan require four annual payments of \$25,000 over the next four years and are to be withheld from the apportionment payments. The maturity date is June 30, 2017.

Future payments are as follows:

| <u>Fiscal Year Ending<br/>June 30,</u> | <u>Payments</u>  |
|--|------------------|
| 2016                                   | \$ 25,000        |
| 2017                                   | 25,000           |
| Total                                  | <u>\$ 50,000</u> |

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*Magnolia Science Academy Santa Ana*

Magnolia Science Academy Santa Ana received unsecured revolving loan payable to the California Department of Education totaling \$150,000 on November 30, 2012. The loan balance as of June 30, 2015, was \$75,000. The loan has an interest rate of 0.53 percent and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on October 30, 2013. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments.

Future payments are as follows:

| Fiscal Year Ending<br>June 30, | Payments         |
|--------------------------------|------------------|
| 2016                           | \$ 25,000        |
| 2017                           | 25,000           |
| 2018                           | 25,000           |
| Total                          | <u>\$ 75,000</u> |

Magnolia Science Academy Santa Ana has been approved by the State of California's Charter School Facilities Program for \$17,413,956 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$17,413,956; the State will fund 50 percent of the total project cost through a loan in the amount of \$8,706,978 and the other 50 percent through a grant in the amount of \$8,706,978. The loan has an annual interest rate of 3.00 percent and it matures 30 years after the completion of the project. The outstanding loan balance as of June 30, 2015, was \$2,015,698.

*Magnolia Science Academy San Diego*

MSA SD Charter School has been approved by the State of California's Charter School Facilities Program for \$3,036,122 for constructing a new facility, which will cost the same amount. The State will fund 50 percent of the total amount of \$3,036,122; the State will fund 50 percent of the total project cost through a loan in the amount of \$1,518,061 and the other 50 percent through a grant in the amount of \$1,518,061. The loan has an annual interest rate of 2.00 percent and it matures 30 years after the completion of the project, which is estimated to be in the middle of calendar year 2016. The repayment schedule will be determined after completion of the project. The State Controller's Office will deduct the loan payments from the Charter School's State School Fund Apportionments. The outstanding loan balance as of June 30, 2015, was \$151,806.

*Magnolia Educational & Research Foundation*

In March 2010, Pacific Technology School - Orangevale received an unsecured revolving loan payable to the California Department of Education totaling \$250,000 on March 23, 2010. The loan balance as of March 1, 2015, was \$100,665. Due to the closure of the school, MERF has assumed the repayment of the loan, and has worked out a payment plan with the California School Finance Authority.

In March 2010, the California Department of Education (CDE) awarded a \$250,000 loan to Pacific Technology School - Orangevale (CDS Code: 09-76596-0119529) for a five-year tenet through the Charter School Revolving Loan Fund Program (CSRLF). Effective July 1, 2013, Assembly Bill 86 (Chapter 48, Statutes of 2013) authorized the transfer of the administration of the Charter School Revolving Loan Fund from the CDE to the California School Finance Authority (Authority). The current portion of long-term obligation as of June 30, 2015, is \$66,666.

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*Pacific Technology School Orangevale Closure*

Pacific Technology School - Orangevale (PTS- Orangevale) closed in June 2013. Due to the closure, the school was unable to pay their fourth year through the intercept based on the original agreement. To repay the PTS-Orangevale revolving loan, MERF has been in communication with the California School Finance Authority to arrange a payment schedule of the remaining loan totaling \$100,000. The repayment schedule will be accordance to the document provided by the California School Finance Authority, and will include 18 monthly payments of \$5,593 that includes principal and interest.

*Chrome Books*

The Charter School entered into a capital lease to purchase 450 chrome books for \$128,744. The terms of the loan require 36 monthly payments of \$4,276 with an interest rate of 8.00 percent and a maturity date of June 30, 2017. The balance outstanding as of June 30, 2015, is \$86,589. The current portion of the long-term obligation is \$57,726.

**NOTE 11 - OPERATING LEASES**

Total rental and facility expenses were \$2,716,986 for year ended June 30, 2015. Future rental and facility expenses are as follows:

| Fiscal Year<br>Ending | Future Lease<br>Commitments |
|-----------------------|-----------------------------|
| 2016                  | \$ <b>\$ 1,933,592</b>      |
| 2017                  | 292,300                     |
| 2018                  | 298,300                     |
| 2019                  | 304,300                     |
| 2020                  | 310,300                     |
| Total                 | <u>\$ 1,467,590</u>         |

**NOTE 12 - FAIR VALUE FINANCIAL INSTRUMENTS**

The carrying amounts and estimated fair values of MERF financial instruments as of June 30, 2015 are as follows:

|                                      | Carrying<br>Amount | Fair<br>Value |
|--------------------------------------|--------------------|---------------|
| Cash and cash equivalents            | \$ 10,173,244      | \$ 10,173,244 |
| Restricted cash and cash equivalents | 998,292            | 998,292       |
| Revolving loans                      | 2,400,841          | 2,400,841     |
| Notes payable                        | 86,589             | 86,589        |
| Bonds payable                        | 6,020,000          | 6,020,000     |

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***NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   | December 31, 2012                   | January 1, 2013    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$1,001,421.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | School Employer Pool (CalPERS) |                    |
|---|--------------------------------|--------------------|
|   | December 31, 2012              | January 1, 2013    |
| Hire date   |                                |                    |
| Benefit formula   | 2% at 55                       | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service             | 5 Years of Service |
| Benefit payments  | Monthly for Life               | Monthly for Life   |
| Retirement age  | 55                             | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                    | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                         | 6.000%             |
| Required employer contribution rate                       | 11.771%                        | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$94,508.

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***NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY***

Magnolia Science Academy Charter Schools are participants in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between MERF and CharterSAFE is such that CharterSAFE is not considered a component unit of MERF for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and Magnolia Science Academy Charter Schools are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, Magnolia Science Academy Charter Schools made payments of \$344,113 to CharterSAFE for services received. At June 30, 2015, MERF had no recorded accounts receivable or accounts payable to CharterSAFE.

***NOTE 15 - CONTINGENCIES***

MERF 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 16 - SUBSEQUENT EVENTS***

MERF's management has evaluated events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the consolidated financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year consolidated financial statements.

**Purchase of Property**

In October 2015, MERF purchased the school site located at 18228 Sherman Way, Los Angeles, California for \$3.8 million.

**Facilities Agreements**

Magnolia Science Academy Santa Clara has renewed its facilities use lease agreement in Santa Clara, California. The terms of the new lease began August 1, 2015, and expire on July 31, 2018. The Charter School will make monthly rent and maintenance expense payments.

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Magnolia Science Academy San Diego has renewed its Facilities Use Permit Agreement with SDUSD. The terms of the new lease began July 1, 2015, and expire on June 30, 2020, and are calculated at two percent of revenues of the Charter School in accordance with substantially rent-free facilities under Proposition 39. The Charter School will make ten equal monthly rent and maintenance expense payments.



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***SUPPLEMENTARY INFORMATION***

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**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program                            | CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Program<br>Expenditures |
|--|----------------|---|-------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                |   |                         |
| Passed through California Department of Education (CDE):                   |                |   |                         |
| Individuals with Disabilities Act (IDEA)                                   |                |   |                         |
| Special Education (IDEA) Cluster:  |                |   |                         |
| Basic Local Assistance Entitlement, Part B, Section 611                    | 84.027         | 13379   | \$ 577,268              |
| No Child Left Behind Act (NCLB)  |                |   |                         |
| Title I, Part A, Basic Grants Low Income and Neglected                     | 84.010         | 14981   | 1,000,056               |
| Title I, Part G: Advanced Placement (AP) Test Fee<br>Reimbursement Program | 84.330B        | 14831   | 3,367                   |
| Title II, Part A, Improving Teacher Quality Local Grants                   | 84.367         | 14341   | 13,882                  |
| Title III Cluster:   |                |   |                         |
| Title III, Immigrant Education Program                                     | 84.365         | 15146   | 7,690                   |
| Title III, Limited English Proficient (LEP) Student Program                | 84.365         | 14346   | 16,726                  |
| Total Title III Cluster  |                |   | <u>24,416</u>           |
| Title V, Part B - Public Charter Schools Grant Program                     | 84.282         | 14531   | 21,000                  |
| Total U.S. Department of Education   |                |   | <u>1,639,989</u>        |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                      |                |   |                         |
| Passed through California Department of Education (CDE):                   |                |   |                         |
| Child Nutrition Cluster:   |                |   |                         |
| Especially Needy Breakfast   | 10.553         | 13526   | 243,866                 |
| National School Lunch Program  | 10.555         | 13524   | 541,225                 |
| Total U.S. Department of Agriculture                                       |                |   | <u>785,091</u>          |
| Total Federal Programs   |                |   | <u>\$ 2,425,080</u>     |

See accompanying note to supplementary information.

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**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**ORGANIZATION**

MERF operates eleven schools in California under eleven charters. Each school is operated on the same tax identification number as MERF. Charters were granted for each school for up to five years, with an opportunity for renewal. Charters may be revoked by the charter authorizer for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2015, the charter schools operated by MERF were as follows:

| <b>Charter School Name</b>           | <b>Charter Number</b> | <b>Sponsoring District</b> | <b>Charter Expiration</b> | <b>Grades Served</b> | <b>Number of Students Served</b> |
|--------------------------------------|-----------------------|----------------------------|---------------------------|----------------------|----------------------------------|
| Magnolia Science Academy             | 0438                  | Los Angeles USD            | June 30, 2017             | 4-12                 | 535                              |
| Magnolia Science Academy 2           | 0906                  | Los Angeles USD            | June 30, 2020             | 6-12                 | 429                              |
| Magnolia Science Academy 3           | 0917                  | Los Angeles USD            | June 30, 2017             | 6-12                 | 450                              |
| Magnolia Science Academy 4           | 0986                  | Los Angeles USD            | June 30, 2020             | 6-12                 | 196                              |
| Magnolia Science Academy 5           | 0987                  | Los Angeles USD            | June 30, 2020             | 6-12                 | 112                              |
| Magnolia Science Academy 6           | 0988                  | Los Angeles USD            | June 30, 2016             | 4-8                  | 145                              |
| Magnolia Science Academy 7           | 0989                  | Los Angeles USD            | June 30, 2020             | k-6                  | 300                              |
| Magnolia Science Academy 8           | 1236                  | 13379                      | June 30, 2020             | 6-12                 | 495                              |
| Magnolia Science Academy San Diego   | 0698                  | San Diego USD              | June 30, 2020             | 6-9                  | 365                              |
| Magnolia Science Academy Santa Ana   | 0943                  | CDE                        | June 30, 2019             | 6-12                 | 165                              |
| Magnolia Science Academy Santa Clara | 1116                  | Santa Clara COE            | June 30, 2018             | 4-9                  | 492                              |

**BOARD OF DIRECTORS**

MEMBER

OFFICE

TERM EXPIRES

|                               |           |                   |
|-------------------------------|-----------|-------------------|
| Dr. Umit Yapanel, Ph.D.       | President | October 10, 2017  |
| Mrs. Noel Russell-Unterburger | Treasurer | October 10, 2017  |
| Saken Sherkanov               | Secretary | December 11, 2018 |
| Mr. Nguyen Huynh              | Director  | October 10, 2017  |
| Dr. Mustafa Kaynak, Ph.D.     | Director  | December 10, 2019 |
| Dr. Remzi Oten, Ph.D.         | Director  | March 11, 2020    |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

|  | MERF                | MSA-1               | MSA-2               | MSA-3             | MSA-4             |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|
| <b>ASSETS</b>                                |                     |                     |                     |                   |                   |
| Current Assets:                              |                     |                     |                     |                   |                   |
| Cash and cash equivalents                    | \$ 184,383          | \$ 1,737,714        | \$ 571,069          | \$ 183,685        | \$ 352,618        |
| Restricted cash and cash equivalents         | -                   | -                   | -                   | -                 | -                 |
| Accounts receivable                          | -                   | 440,019             | 362,421             | 360,992           | 142,430           |
| Intra-company receivable                     | 891,117             | -                   | 103,066             | 307,336           | 24,822            |
| Prepaid expenses and other current assets    | -                   | -                   | -                   | -                 | -                 |
| Total Current Assets                         | <u>1,075,500</u>    | <u>2,177,733</u>    | <u>1,036,556</u>    | <u>852,013</u>    | <u>519,870</u>    |
| Non-Current Assets:                          |                     |                     |                     |                   |                   |
| Debt issue cost, net                         | -                   | -                   | -                   | -                 | -                 |
| Security deposits                            | 1,525               | 39,035              | -                   | -                 | -                 |
| Fixed assets                                 | 134,513             | 658,685             | 198,585             | 136,648           | 117,493           |
| Less: accumulated depreciation               | <u>107,684</u>      | <u>583,322</u>      | <u>139,376</u>      | <u>128,230</u>    | <u>91,160</u>     |
| Total Non-Current Assets                     | <u>28,354</u>       | <u>114,398</u>      | <u>59,209</u>       | <u>8,418</u>      | <u>26,333</u>     |
| Total Assets                                 | <u>\$ 1,103,854</u> | <u>\$ 2,292,131</u> | <u>\$ 1,095,765</u> | <u>\$ 860,431</u> | <u>\$ 546,203</u> |
| <b>LIABILITIES</b>                           |                     |                     |                     |                   |                   |
| Current Liabilities:                         |                     |                     |                     |                   |                   |
| Accounts payable and accruals                | \$ 200,348          | \$ 64,913           | \$ 51,506           | \$ 63,602         | \$ 70,707         |
| Intra-company payable                        | 897,894             | -                   | -                   | -                 | -                 |
| Deferred revenue                             | 88,785              | -                   | -                   | -                 | -                 |
| Current portion of long-term obligations     | <u>66,666</u>       | <u>-</u>            | <u>25,000</u>       | <u>-</u>          | <u>-</u>          |
| Total Current Liabilities                    | <u>1,253,693</u>    | <u>64,913</u>       | <u>76,506</u>       | <u>63,602</u>     | <u>70,707</u>     |
| Long-Term Obligations:                       |                     |                     |                     |                   |                   |
| Non-current portion of long-term obligations | <u>16,667</u>       | <u>-</u>            | <u>25,000</u>       | <u>-</u>          | <u>-</u>          |
| Total Liabilities                            | <u>1,270,360</u>    | <u>64,913</u>       | <u>101,506</u>      | <u>63,602</u>     | <u>70,707</u>     |
| <b>NET ASSETS (DEFICIT)</b>                  |                     |                     |                     |                   |                   |
| Unrestricted                                 | (166,506)           | 2,227,218           | 994,259             | 796,829           | 475,496           |
| Temporarily restricted                       | -                   | -                   | -                   | -                 | -                 |
| Total Net Assets (Deficit)                   | <u>(166,506)</u>    | <u>2,227,218</u>    | <u>994,259</u>      | <u>796,829</u>    | <u>475,496</u>    |
| Total Liabilities and Net Assets             | <u>\$ 1,103,854</u> | <u>\$ 2,292,131</u> | <u>\$ 1,095,765</u> | <u>\$ 860,431</u> | <u>\$ 546,203</u> |

See accompanying note to supplementary information.

DRAFT 12/09/2015

| MSA-5               | MSA-6               | MSA-7               | MSA-8               | MSA-SD              | MSA-SA              | MSA-SC              |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 925,625          | \$ 806,785          | \$ 924,010          | \$ 2,421,557        | \$ 382,157          | \$ 140,106          | \$ 170,245          |
| -                   | -                   | -                   | -                   | 118,998             | 432,732             | -                   |
| 66,084              | 229,670             | 502,994             | 422,414             | 248,652             | 578,641             | 816,594             |
| 180,692             | -                   | 133,118             | 148,920             | -                   | -                   | -                   |
| -                   | 8,000               | -                   | -                   | -                   | 19,000              | 2,854               |
| <u>1,172,401</u>    | <u>1,044,455</u>    | <u>1,560,122</u>    | <u>2,992,891</u>    | <u>749,807</u>      | <u>1,170,479</u>    | <u>989,693</u>      |
| -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| -                   | -                   | 4,000               | -                   | -                   | 27,000              | 39,001              |
| 111,918             | 62,699              | 110,112             | 39,399              | 586,778             | 3,788,424           | 250,536             |
| 91,406              | 62,699              | 59,072              | 17,417              | 258,217             | 94,867              | 81,587              |
| <u>20,512</u>       | <u>-</u>            | <u>55,040</u>       | <u>21,982</u>       | <u>328,561</u>      | <u>3,720,557</u>    | <u>207,950</u>      |
| <u>\$ 1,192,913</u> | <u>\$ 1,044,455</u> | <u>\$ 1,615,162</u> | <u>\$ 3,014,873</u> | <u>\$ 1,078,368</u> | <u>\$ 4,891,036</u> | <u>\$ 1,197,643</u> |
| \$ 318,371          | \$ 376,769          | \$ 764,560          | \$ 182,680          | \$ 82,466           | \$ 71,456           | \$ 232,517          |
| -                   | 181,177             | -                   | -                   | -                   | 330,000             | 380,000             |
| -                   | -                   | -                   | -                   | 2,940               | 354,000             | -                   |
| -                   | -                   | -                   | -                   | -                   | 25,000              | 57,726              |
| <u>318,371</u>      | <u>557,946</u>      | <u>764,560</u>      | <u>182,680</u>      | <u>85,406</u>       | <u>780,456</u>      | <u>670,243</u>      |
| -                   | -                   | -                   | -                   | 151,806             | 2,090,702           | 28,863              |
| <u>318,371</u>      | <u>557,946</u>      | <u>764,560</u>      | <u>182,680</u>      | <u>237,212</u>      | <u>2,871,158</u>    | <u>699,106</u>      |
| 874,542             | 486,509             | 850,602             | 2,832,193           | 722,158             | 1,587,146           | 498,537             |
| -                   | -                   | -                   | -                   | 118,998             | 432,732             | -                   |
| <u>874,542</u>      | <u>486,509</u>      | <u>850,602</u>      | <u>2,832,193</u>    | <u>841,156</u>      | <u>2,019,878</u>    | <u>498,537</u>      |
| <u>\$ 1,192,913</u> | <u>\$ 1,044,455</u> | <u>\$ 1,615,162</u> | <u>\$ 3,014,873</u> | <u>\$ 1,078,368</u> | <u>\$ 4,891,036</u> | <u>\$ 1,197,643</u> |

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION, *Continued***  
**JUNE 30, 2015**

|  | LLC                 | Elimination           | Total                |
|--|---------------------|-----------------------|----------------------|
| <b>ASSETS</b>                                |                     |                       |                      |
| Current Assets:                              |                     |                       |                      |
| Cash and cash equivalents                    | \$ 1,373,290        | \$ -                  | \$ 10,173,244        |
| Restricted cash and cash equivalents         | 446,562             | -                     | 998,292              |
| Accounts receivable                          | -                   | -                     | 4,170,911            |
| Intra-company receivable                     | -                   | (1,789,071)           | -                    |
| Prepaid expenses and other current assets    | -                   | -                     | 29,854               |
| Total Current Assets                         | <u>1,819,852</u>    | <u>(1,789,071)</u>    | <u>15,372,301</u>    |
| Non-Current Assets:                          |                     |                       |                      |
| Debt issue cost, net                         | 126,849             | -                     | 126,849              |
| Security deposits                            | -                   | -                     | 110,561              |
| Fixed assets                                 | 4,520,818           | -                     | 10,716,608           |
| Less: accumulated depreciation               | 80,361              | -                     | 1,795,398            |
| Total Non-Current Assets                     | <u>4,567,306</u>    | <u>-</u>              | <u>9,158,620</u>     |
| Total Assets                                 | <u>\$ 6,387,158</u> | <u>\$ (1,789,071)</u> | <u>\$ 24,530,921</u> |
| <b>LIABILITIES</b>                           |                     |                       |                      |
| Current Liabilities:                         |                     |                       |                      |
| Accounts payable and accruals                | \$ -                | \$ -                  | \$ 2,479,895         |
| Intra-company payable                        | -                   | (1,789,071)           | -                    |
| Deferred revenue                             | -                   | -                     | 445,725              |
| Current portion of long-term obligations     | 70,000              | -                     | 244,392              |
| Total Current Liabilities                    | <u>70,000</u>       | <u>(1,789,071)</u>    | <u>3,170,012</u>     |
| Long-Term Obligations:                       |                     |                       |                      |
| Non-current portion of long-term obligations | 5,950,000           | -                     | 8,263,038            |
| Total Liabilities                            | <u>6,020,000</u>    | <u>(1,789,071)</u>    | <u>11,433,050</u>    |
| <b>NET ASSETS (DEFICIT)</b>                  |                     |                       |                      |
| Unrestricted                                 | 367,158             | -                     | 12,546,141           |
| Temporarily restricted                       | -                   | -                     | 551,730              |
| Total Net Assets (Deficit)                   | <u>367,158</u>      | <u>-</u>              | <u>13,097,871</u>    |
| Total Liabilities and Net Assets             | <u>\$ 6,387,158</u> | <u>\$ (1,789,071)</u> | <u>\$ 24,530,921</u> |

See accompanying note to supplementary information.

**MAGNOLIA PUBLIC SCHOOLS**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**JUNE 30, 2015**

|   | <u>MERF</u>         | <u>MSA-1</u>        | <u>MSA-2</u>      | <u>MSA-3</u>      | <u>MSA-4</u>      |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|
| <b>CHANGES IN UNRESTRICTED NET ASSETS</b> |                     |                     |                   |                   |                   |
| <b>REVENUES</b>                           |                     |                     |                   |                   |                   |
| State apportionments                      | \$ -                | \$ 4,108,987        | \$ 3,336,116      | \$ 3,406,316      | \$ 1,703,922      |
| Federal revenue                           | -                   | 600,269             | 222,128           | 490,995           | 138,952           |
| Other State revenue                       | -                   | 749,565             | 393,474           | 580,951           | 239,123           |
| Rent revenue                              | -                   | -                   | -                 | -                 | -                 |
| Local revenue                             | 4,610,148           | 71,342              | 53,812            | 16,668            | 30,265            |
| Total Revenues                            | <u>4,610,148</u>    | <u>5,530,163</u>    | <u>4,005,530</u>  | <u>4,494,930</u>  | <u>2,112,262</u>  |
| <b>EXPENSES</b>                           |                     |                     |                   |                   |                   |
| Program services:                         |                     |                     |                   |                   |                   |
| Salaries and benefits                     | 1,490,317           | 2,756,741           | 2,190,290         | 2,345,482         | 1,036,532         |
| Student services                          | 29,922              | 368,240             | 320,550           | 352,586           | 153,122           |
| Materials and supplies                    | 29,191              | 190,130             | 127,386           | 142,912           | 22,240            |
| Student nutrition                         | 6,251               | 264,309             | 75,779            | 315,244           | 52,263            |
| Other expenses                            | 44,863              | 29,459              | 16,738            | 28,199            | 4,885             |
| Subtotal                                  | <u>1,600,544</u>    | <u>3,608,879</u>    | <u>2,730,743</u>  | <u>3,184,423</u>  | <u>1,269,042</u>  |
| Management and general:                   |                     |                     |                   |                   |                   |
| Depreciation                              | 36,278              | 5,820               | 7,720             | 22,673            | 4,264             |
| Management fee                            | -                   | 1,013,451           | 757,224           | 762,632           | 237,895           |
| Occupancy                                 | 154,681             | 676,885             | 140,120           | 420,651           | 146,543           |
| Operating expenses                        | 1,432,967           | 221,826             | 214,576           | 541               | 217,380           |
| Interest                                  | 3,685               | -                   | 296               | 72                | 234               |
| Subtotal                                  | <u>1,627,611</u>    | <u>1,917,982</u>    | <u>1,119,936</u>  | <u>1,206,569</u>  | <u>606,316</u>    |
| Total Expenses                            | <u>3,228,155</u>    | <u>5,526,861</u>    | <u>3,850,679</u>  | <u>4,390,992</u>  | <u>1,875,358</u>  |
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b>  | <u>1,381,993</u>    | <u>3,302</u>        | <u>154,851</u>    | <u>103,938</u>    | <u>236,904</u>    |
| <b>NET ASSETS (DEFICIT),</b>              |                     |                     |                   |                   |                   |
| <b>BEGINNING OF YEAR</b>                  | <u>(1,548,499)</u>  | <u>2,223,916</u>    | <u>839,408</u>    | <u>692,891</u>    | <u>238,592</u>    |
| <b>NET ASSETS, END OF YEAR</b>            | <u>\$ (166,506)</u> | <u>\$ 2,227,218</u> | <u>\$ 994,259</u> | <u>\$ 796,829</u> | <u>\$ 475,496</u> |

See accompanying note to supplementary information.

## DRAFT 12/09/2015

| MSA-5      | MSA-6        | MSA-7        | MSA-8        | MSA-SD       | MSA-SA       | MSA-SC       |
|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 780,024 | \$ 1,155,329 | \$ 2,049,711 | \$ 3,611,558 | \$ 2,243,691 | \$ 1,155,757 | \$ 3,084,298 |
| 78,761     | 105,101      | 249,512      | 298,515      | 93,377       | 89,864       | 57,606       |
| 169,416    | 221,875      | 618,969      | 637,876      | 361,721      | 210,696      | 130,109      |
| -          | -            | -            | -            | -            | -            | -            |
| 6,657      | 29,582       | 60,292       | 60,207       | 99,896       | 29,745       | 76,909       |
| 1,034,858  | 1,511,887    | 2,978,484    | 4,608,156    | 2,798,685    | 1,486,062    | 3,348,922    |
| 619,946    | 686,248      | 1,344,404    | 2,591,882    | 1,834,111    | 993,530      | 2,077,763    |
| 84,723     | 52,787       | 166,133      | 243,914      | 132,745      | 231,343      | 54,889       |
| 18,350     | 25,724       | 135,999      | 139,340      | 27,733       | 27,013       | 46,113       |
| 16,246     | 30,234       | 139,482      | 183,583      | 38,481       | 37,922       | 22,710       |
| 3,878      | 9,755        | 58,525       | 52,716       | 10,249       | 9,483        | 31,759       |
| 743,143    | 804,748      | 1,844,543    | 3,211,435    | 2,043,319    | 1,299,291    | 2,233,234    |
| 14,927     | 8,461        | 25,417       | 6,659        | 37,442       | 24,823       | 11,496       |
| 103,749    | -            | 450,015      | 872,216      | 214,224      | -            | 198,742      |
| 99,063     | 96,000       | 228,598      | -            | -            | 206,499      | 500,138      |
| 85,552     | 180,631      | 177,687      | 573,111      | 107,772      | 182,749      | 273,575      |
| 3,396      | -            | 135          | -            | 82           | 460          | 125          |
| 306,687    | 285,092      | 881,852      | 1,451,986    | 359,520      | 414,531      | 984,076      |
| 1,049,830  | 1,089,840    | 2,726,395    | 4,663,421    | 2,402,839    | 1,713,822    | 3,217,310    |
| (14,972)   | 422,047      | 252,089      | (55,265)     | 395,846      | (227,760)    | 131,612      |
| 889,514    | 64,462       | 598,513      | 2,887,458    | 445,310      | 2,247,638    | 366,925      |
| \$ 874,542 | \$ 486,509   | \$ 850,602   | \$ 2,832,193 | \$ 841,156   | \$ 2,019,878 | \$ 498,537   |



**MAGNOLIA PUBLIC SCHOOLS**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS,**  
***Continued***  
**JUNE 30, 2015**

|   | <u>LLC</u>        | <u>Elimination</u> | <u>Total</u>         |
|---|-------------------|--------------------|----------------------|
| <b>CHANGES IN UNRESTRICTED NET ASSETS</b> |                   |                    |                      |
| <b>REVENUES</b>                           |                   |                    |                      |
| State apportionments                      | \$ -              | \$ -               | \$ 26,635,709        |
| Federal revenue                           | -                 | -                  | 2,425,080            |
| Other State revenue                       | -                 | -                  | 4,313,775            |
| Rent revenue                              | 447,519           | -                  | 447,519              |
| Local revenue                             | -                 | (4,610,148)        | 535,375              |
| Total Revenues                            | <u>447,519</u>    | <u>(4,610,148)</u> | <u>34,357,458</u>    |
| <b>EXPENSES</b>                           |                   |                    |                      |
| Program services:                         |                   |                    |                      |
| Salaries and benefits                     | -                 | -                  | 19,967,246           |
| Student services                          | -                 | -                  | 2,190,954            |
| Materials and supplies                    | -                 | -                  | 932,131              |
| Student nutrition                         | -                 | -                  | 1,182,504            |
| Other expenses                            | -                 | -                  | 300,509              |
| Subtotal                                  | <u>-</u>          | <u>-</u>           | <u>24,573,344</u>    |
| Management and general:                   |                   |                    |                      |
| Depreciation                              | 80,361            | -                  | 286,341              |
| Management fee                            | -                 | (4,610,148)        | -                    |
| Occupancy                                 | -                 | -                  | 2,669,178            |
| Operating expenses                        | -                 | -                  | 3,668,367            |
| Interest                                  | -                 | -                  | 8,485                |
| Subtotal                                  | <u>80,361</u>     | <u>(4,610,148)</u> | <u>6,632,371</u>     |
| Total Expenses                            | <u>80,361</u>     | <u>(4,610,148)</u> | <u>31,205,715</u>    |
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b>  | <u>367,158</u>    | <u>-</u>           | <u>3,151,743</u>     |
| <b>NET ASSETS (DEFICIT),</b>              |                   |                    |                      |
| <b>BEGINNING OF YEAR</b>                  | -                 | -                  | 9,946,128            |
| <b>NET ASSETS , END OF YEAR</b>           | <u>\$ 367,158</u> | <u>\$ -</u>        | <u>\$ 13,097,871</u> |

See accompanying note to supplementary information.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Local Education Agency Organization Structure**

This schedule provides information about the charter schools operated, members of the governing board, and members of the administration.

**Consolidating Statements**

The accompanying consolidating financial statements report the individual programs of MERF and are presented on the accrual basis of accounting. Eliminating entries in the consolidated financial statements are due to rent payments between the LLC and MSA 1 and CMO fees paid to MERF from the MSA charter schools in accordance with the structured fee schedule.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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  
Magnolia Educational & Research Foundation and Affiliates  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

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 consolidated financial statements of Magnolia Educational & Research Foundation (MERF) (A California Nonprofit Public Benefit Corporation) and Affiliates as of and for the year ended June 30, 2015, and the related notes to the consolidated financial statements, which collectively comprise MERF and Affiliate's consolidated financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered MERF and Affiliate'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of MERF and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of MERF and Affiliate'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 MERF and Affiliate's consolidated 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.

**DRAFT 12/09/2015**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MERF and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of MERF and Affiliate's 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 the consolidated 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MERF and Affiliates in a separate letter dated \_\_\_\_\_, 2015.

**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 MERF and Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MERF and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board  
Magnolia Educational & Research Foundation and Affiliates  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

**Report on Compliance for Each Major Federal Program**

We have audited Magnolia Educational & Research Foundation' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Magnolia Educational & Research Foundation (MERF) (A California Nonprofit Public Benefit Corporation) and Affiliates, major Federal programs for the year ended June 30, 2015. MERF and Affiliate's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of MERF and Affiliate's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about MERF and Affiliate'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 compliance for each major Federal program. However, our audit does not provide a legal determination of MERF and Affiliate's compliance.

DRAFT 12/09/2015

**Opinion on Each Major Federal Program**

In our opinion, MERF and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of MERF and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MERF and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MERF and Affiliate's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**FEDERAL AWARDS**

|   |                      |
|---|----------------------|
| Internal control over major Federal programs:   |                      |
| Material weakness identified?   | <u>No</u>            |
| Significant deficiency identified?  | <u>None reported</u> |
| Type of auditor's report issued on compliance for major Federal programs:   | <u>Unmodified</u>    |
| Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? | <u>No</u>            |

Identification of major Federal programs:

| <u>CFDA Numbers</u>   | <u>Name of Federal Program or Cluster</u>                     |
|-----------------------|---|
| <u>84.027</u>         | <u>Special Education Cluster</u>                              |
| <u>10.553, 10.555</u> | <u>Child Nutrition Cluster</u>                                |
| <u>84.010</u>         | <u>Title I, Part A, Basic Grants Low Income and Neglected</u> |

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 300,000</u> |
| Auditee qualified as low-risk auditee?                                   | <u>No</u>         |

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

**DRAFT 12/09/2015**

Governing Board  
Magnolia Educational & Research Foundation  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

In planning and performing our audit of the financial statements of Magnolia Educational & Research Foundation (MERF) for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of MERF.

**Cash Disbursements - MERF**

*Observation*

It was noted that there was no receipt for one of 16 items tested. The item in question was \$49.

*Recommendation*

All disbursements should be accompanied by invoices or receipts and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received.

*Corrective Action Plan*

The new third-party vendor handling the payments has procedures to collect all supporting doc and has a form for any lost invoices.

**Cash Collections - MERF***Observations*

1. Backup provided by sites tested was the "Bank Deposit Slip" and a "Cash and Checks Deposit Form", which sorts deposits by check and cash columns. The "Cash and Checks Deposit Form" is signed by the School Office Manager and the School Principal. Additionally, copies of some of the checks collected were provided and no backup for cash collections.
2. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
3. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were ten stale-dated checks totaling \$6,085.41. Five of the items are from calendar year 2011 and the other five are from calendar year 2014.
4. Three outstanding "credits" from 2009 through 2011 totaling \$98,615 were noted. As of June 30, 2015, the same amount was outstanding.

*Recommendation*

1. The site front office should maintain the master receipt log or a receipt book and backup from individuals collecting funds on behalf of the charter school that would provide an audit trail that will enable MERF in the verification that all monies received, and subsequently, deposited are intact and in a timely manner.
2. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.
3. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".
4. It is recommended that a review of the bank reconciliation be performed monthly and outstanding items be investigated and cleared. Outstanding credits from 2009 through 2011 overstate cash by \$98,615. Amount should be credited to cash and debited to fund balance in order to reduce overstated cash.

*Corrective Action Plan.*

1. The school sites are responsible for keeping proper supporting documentation for the collection of money. MERF will be reviewing procedures with all principals to enhance the verification of deposits and will be tested periodically to double-check the collections.
2. A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.
3. The stale-dated checks will be written off and a procedure has been implemented to review in future checks outstanding.
4. The items are being reviewed and will be cleared appropriately to the correct charter school after supporting documents are validated.

**General ledger system MERF**

*Observations - MERF*

1. The Revolving Loan transferred and assumed by MERF was not recorded on the June 30, 2015, on the general ledger for Pacific Technology School's outstanding balance remaining in the amount of \$100,665. A proposed audit adjustment has been prepared to record the activity for 2014-15.
2. Magnolia Properties Management Inc.'s activities, which include the California School Finance Authority (CSFA) Facility Revenue Bonds, have not been recorded monthly in the general ledger system.

*Recommendation*

1. MERF should adjust the 2015-16 beginning balance to reflect the audit adjustment posted for recording the revolving loan balance.
2. Magnolia Properties Management Inc.'s financial activity should be monitored monthly and recorded on the general ledger system for internal reporting to the Board.

*Corrective Action Plans*

1. MERF currently has the payments being made in the ledgers and will be posting the audit adjustment to record the remaining outstanding revolving debt.
2. MERF will be providing a monthly reconciliation of the activity from the Bank of New York accounts to be recorded by the back office provider in 2015-16. Prior year activity has been summarized on an excel system and reconciled monthly. All activity has been consolidated in the financial statements as of June 30, 2015.

**Fixed Assets - MERF**

*Observation*

It was noted within the recording and monitoring of the fixed assets of MSA charter schools that a tracking system was not properly maintained and up to date during the school year. In testing the validation of the fixed assets schedule, the charter general ledger amounts did not agree to the amounts recorded on the unaudited actuals prepared in August 2015. Additionally, the tracking system has been subsequently implemented to monitor the purchases and deletions of capital assets (whether sold or disposed).

*Recommendation*

The charter schools need to continue to keep a current system to monitor and verify that all reported assets are included in the fixed assets schedule and should assign an individual to maintain and monitor the fixed assets schedule. A reconciliation of construction in progress accounts should be completed at least quarterly during the year to capture all completed projects as of the date of completion. Additionally, a checking of existing fixed assets should be conducted for all MSA charter school locations.

*Corrective Action Plan*

MERF is now using a fixed asset system provided by the back office provider for the 2015-16 year. Monthly reports are being reviewed to double check the posting of additions and deletions.

**Cash Collections - MSA**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.

**Cash Disbursements - MSA**

*Observation*

It was noted that an "employee" (Teacher) of the charter school was paid outside of the payroll process as an "independent contractor" for a "home visit".

*Recommendation*

The charter school should take the necessary steps to implement procedures to prevent this type of situation from occurring in the future. The determination of an "independent contractor" versus an "employee" should be reviewed with all staff involved in consultant contracts to ensure the staff is aware of the IRS regulations.

*Corrective Action Plan*

Accounting staff are aware that employees need to be paid through the payroll process and not through the disbursements process.

**Payroll - MSA**

*Observation*

It was noted that one of the employees tested received lower pay than what is on the May 2, 2014, Board approved pay scale for the employee's position.



*Recommendation*

A procedure should be in place to make sure that employee wages are being processed accurately through the personnel and payroll systems. Differences in pay should be investigated and resolved by paying employees the amount owed based on the May 2, 2014, Board approved pay scale. The charter schools should be aware that in case of retro payment, there may need to be a revision to the employee's W-2 (Form W-2C) and W-3 transmittal (Form W-3C); as well as Form 941X for quarter(s) affected among other necessary adjustments/corrections.

*Corrective Action Plan*

The charter school has reviewed the calculations and made corrections as required. The new process implemented for payroll has eliminated the manual system to an automated system starting 2016.

**Cash Collections - MSA 2***Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were four stale-dated checks totaling \$32,307.

*Recommendation*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".

*Corrective Action Plans*

1. A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.
2. The stale-dated checks will be written off and a procedure has been implemented to review in future checks outstanding.

**Cash Collections - MSA 3***Observation*

1. Teachers collecting funds at the charter schools do not use triplicate, pre-numbered receipts, logs, tally sheets or any sort of adequate cash collection backup.
2. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendations*

1. It is recommended that the charter school use triplicate, pre-numbered, receipt books. Tally sheets may also be used as the cash receipt control procedure, two people should be involved: one person to make a mark on the tally sheet when an item is sold and issue the goods and another person to collect the cash. When impractical to use pre-numbered receipts due to high volume of collections for small amounts of cash collected, it is recommended that the individual collecting funds use a class roster or a log in lieu of triplicate, pre-numbered receipts. Documents mentioned are provided to the front office along with funds receipted.
2. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis

*Corrective Action Plans*

1. The school sites are responsible for keeping proper supporting documentation for the collection of money. MERF will be reviewing procedures with all principals to enhance the verification of deposits and will be tested periodically to double-check the collections.
2. A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

**Cash Disbursements - MSA 3**

*Observation*

It was noted that an "employee" of the charter school was paid outside of the payroll process as an "independent contractor" for "referee services".

*Recommendation*

The charter school should take the necessary steps to implement procedures to prevent this type of situation from occurring in the future. The determination of an "independent contractor" versus an "employee" should be reviewed with all staff involved in consultation contracts to ensure the staff is aware of the IRS regulations. In addition, the charter school should perform a review of the procedures for determining who receives a Form 1099 to ensure all 1099's are properly issued.

*Corrective Action Plan*

Accounting staff is aware that employees are to be paid through the payroll process and not through the disbursements process.

**Cash Collections - MSA 4**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliation for managements review and signatures.

**Cash Collections - MSA 5**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

**Cash Collections - MSA 6**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

**Cash Collections - MSA 7**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

**Cash Collections - MSA 8**

*Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were three stale-dated checks totaling \$2,503.
3. Teachers collecting funds at the charter school do not use triplicate, pre-numbered receipts, logs, tally sheets or any sort of adequate cash collection backup. Additionally, cash count sheets are not consistently being signed by a reviewer.

*Recommendations*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".
3. It is recommended that the charter school use triplicate, pre-numbered, receipt books. Tally sheets may also be used as the cash receipt control procedure, two people should be involved: one person to make a mark on the tally sheet when an item is sold and issue the goods and another person to collect the cash. When impractical to use pre-numbered receipts due to high volume of collections for small amounts of cash collected, it is recommended that the individual collecting funds use a class roster or a log in lieu of triplicate, pre-numbered receipts. Documents mentioned are provided to the front office along with funds received.

*Corrective Action Plans*

1. MERF confirmed that the months tested related to a transition period in which review of bank reconciliations was not being performed.
2. The stale-dated checks will be written off and a procedure has been implemented to review in future checks outstanding.
3. The school sites are responsible for keeping proper supporting documentation for the collection of money. MERF will be reviewing procedures with all principals to enhance the verification of deposits and will be tested periodically to double-check the collections.

**Cash Collections - MSA SA**

*Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were two stale-dated checks totaling \$361.

*Recommendations*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".

*Corrective Action Plans*

1. A new process has been implemented with the third-party back office provider to prepare all reconciliation for managements review and signatures.
2. The stale-dated checks will be written off and a procedure has been implemented to review future checks outstanding.

**Cash Collections - MSA SC**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis

Governing Board  
Magnolia Educational & Research Foundation

**DRAFT 12/09/2015**

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.

**Payroll - MSA SC**

*Observation*

The principal/management signed "At-Will Employment agreements" was not provided for one of six employees tested

*Recommendation*

A procedure should be in place to make sure that the "At-Will Employment agreements" are being reviewed and approved by the site principal or other authorized management prior to employment.

*Corrective Action Plan*

The charter school has been able to locate a number of "At-Will Employment agreements"; however, this one was misplaced due to transition of records. The Principal has requested to upload all future agreements into CoolSIS for review by Human Resources.

**Cash Collections - MSA SD**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board of Directors  
Magnolia Science Academy  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.



DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,737,714     |
| Accounts receivable       | 440,019          |
| Total Current Assets      | <u>2,177,733</u> |

Non-Current Assets:

|                                |                     |
|--------------------------------|---------------------|
| Security deposits              | 39,035              |
| Fixed assets                   | 658,685             |
| Less: accumulated depreciation | <u>583,322</u>      |
| Total Non-Current Assets       | <u>114,398</u>      |
| Total Assets                   | <u>\$ 2,292,131</u> |

**LIABILITIES**

Current Liabilities:

|                               |               |
|-------------------------------|---------------|
| Accounts payable and accruals | \$ 64,913     |
| Total Current Liabilities     | <u>64,913</u> |

**NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| Unrestricted                     | <u>2,227,218</u>    |
| Total Net Assets                 | <u>2,227,218</u>    |
| Total Liabilities and Net Assets | <u>\$ 2,292,131</u> |

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

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 4,108,987     |
| Federal revenue      | 600,269          |
| Other State revenue  | 749,565          |
| Local revenue        | 71,342           |
| Total Revenues       | <u>5,530,163</u> |

**EXPENSES**

Program services:

|                        |                  |
|------------------------|------------------|
| Salaries and benefits  | 2,756,741        |
| Student services       | 368,240          |
| Materials and supplies | 190,130          |
| Student nutrition      | 264,309          |
| Other expenses         | 29,459           |
| Subtotal               | <u>3,608,879</u> |

Management and general:

|                    |                  |
|--------------------|------------------|
| Depreciation       | 5,820            |
| Management fee     | 1,013,451        |
| Occupancy          | 676,885          |
| Operating expenses | 221,826          |
| Subtotal           | <u>1,917,982</u> |
| Total Expenses     | <u>5,526,861</u> |

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

|                     |
|---------------------|
| <u>3,302</u>        |
| <u>2,223,916</u>    |
| <u>\$ 2,227,218</u> |

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

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                  |
|---|------------------|
| <b>Change in unrestricted net assets</b>  | \$ 3,302         |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                  |
| Depreciation expense  | 5,820            |
| Changes in operating assets and liabilities:  |                  |
| (Increase) Decrease in assets   |                  |
| Accounts receivable   | 583,204          |
| Increase (Decrease) in liabilities  |                  |
| Accounts payable and accruals   | <u>(232,740)</u> |
| Net Cash Provided by Operating Activities   | <u>359,586</u>   |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                 |
|---|-----------------|
| Change to capital assets, net             | <u>(21,298)</u> |
| Net Cash Provided by Investing Activities | <u>(21,298)</u> |

**NET INCREASE IN CASH**

**CASH AND CASH EQUIVALENTS,  
BEGINNING OF YEAR**

**CASH AND CASH EQUIVALENTS,  
END OF YEAR**

338,288

1,399,426

\$ 1,737,714

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

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy**

Charter school number authorized by the State: 0438

Magnolia Science Academy (Charter School) is a charter school located in Reseda, California that provides sixth through twelfth grade education to approximately 535 students. The Charter School was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles Unified School District renewed the charter agreement in 2012 for a period of five years ending in 2017. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**MPM Sherman Way, LLC**

The Foundation has the following consolidated affiliates (where the Foundation is the sole member) that were formed to provide assistance with funding capital improvement on behalf of the Foundation's activities. MPM Sherman Way LLC, a California limited liability company.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 10 to the financial statements.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets, as of June 30, 2015. In addition, the Charter School is required to present a Statement of Cash Flows.

**Accounting Method - Basis of Accounting**

The financial statements were prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, Not-for-Profit Organizations accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School are a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The Charter School have adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School' policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over 3 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$5,820.

**Deferred Revenue**

Deferred revenue arises when resources are received by the Charter School prior to the incurrence of qualifying expenditures. In subsequent periods, when the obligation in which the resources were received are met, or when the Charter School have a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and revenue is recognized.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School' program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.



**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 1,737,714</u>        | <u>\$ 1,924,499</u>     |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$1,875,004 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 356,958        |
| Federal receivable            | 54,892            |
| Local receivable              | <u>28,169</u>     |
| Total Accounts Receivable     | <u>\$ 440,019</u> |

**NOTE 5 - FIXED ASSETS**

Fixed assets at June 30, 2015, consisted of the following:

|                                |                  |
|--------------------------------|------------------|
| Software and equipment         | \$ 374,818       |
| Building improvements          | <u>283,867</u>   |
| Subtotal                       | 658,685          |
| Less: accumulated depreciation | <u>(583,322)</u> |
| Total Fixed Assets             | <u>\$ 75,363</u> |

During the year ended June 30, 2015, \$5,820 was charged to depreciation expense.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

|                        |                  |
|------------------------|------------------|
| Payroll and benefits   | \$ 22,515        |
| Vendor payables        | 42,398           |
| Total Accounts Payable | <u>\$ 64,913</u> |

**NOTE 7 - OPERATING LEASES**

The Charter School leases its facilities in Reseda, California, under an operating lease until July 31, 2017, with monthly payments of \$37,293. The School also leases its gymnasium under an operating lease until July 31, 2017, with a monthly payment of \$11,773. Total rent and repair expense during the year ended June 30, 2015, was \$592,680.

As of October 15, 2015, the Charter School has completed a purchase on the Reseda school facilities. See Note 12 Subsequent Events for further information.

The future minimum lease commitments are as follows:

| <b>MSA 1</b>               | Facility<br>Lease<br>Payment | Gymnasium<br>Payment | Total<br>Operating<br>Leases |
|----------------------------|------------------------------|----------------------|------------------------------|
| <u>Fiscal Year</u><br>2016 | <u>\$ 130,526</u>            | <u>\$ 41,206</u>     | <u>\$ 171,732</u>            |

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal year ended June 30, 2015, were \$1,013,451.

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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, 2014, total actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Co**

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$151,396.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   |                                       |                    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Co**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$26,917.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Academies. These payments consist of State General Fund contributions to CalSTRS in the amount of \$87,822 (5.679 percent of the Charter School' 2012-2013 creditable compensation subject to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

***NOTE 10 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School are a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between The Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$49,680 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

***NOTE 11 - CONTINGENCIES***

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. As of September 2015, the Office of Internal Investigation has started a review of prior year activity. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**Litigation**

Magnolia Science Academy has no outstanding claims or litigation.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 12 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year financial statements.

**Purchase of Property**

In October 2015, Magnolia Educational & Research Foundation (MERF) purchased the school site located at 18228 Sherman Way, Los Angeles, California for \$3.8 million.

DRAFT 12/09/2015

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program                            | CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Program<br>Expenditures |
|--|----------------|---|-------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                |   |                         |
| Passed through California Department of Education (CDE):                   |                |   |                         |
| Individuals with Disabilities Act (IDEA)                                   |                |   |                         |
| Special Education (IDEA) Cluster:  |                |   |                         |
| Basic Local Assistance Entitlement, Part B, Section 611                    | 84.027         | 13379   | \$ 103,140              |
| No Child Left Behind Act (NCLB)  |                |   |                         |
| Title I, Part A, Basic Grants Low Income and Neglected                     | 84.010         | 14981   | 196,858                 |
| Title I, Part G: Advanced Placement (AP) Test Fee<br>Reimbursement Program | 84.330         | 14831   |                         |
| Title II, Part A, Improving Teacher Quality Local Grants                   | 84.367         | 14341   | 1,898                   |
| Title III Cluster:   |                |   |                         |
| Title III, Immigrant Education Program                                     | 84.365         | 15146   | 1,490                   |
| Title III, Limited English Proficient (LEP) Student Program                | 84.365         | 14346   | 11,846                  |
| Total Title III Cluster  |                |   | <u>13,336</u>           |
| Total U.S. Department of Education   |                |   | <u>315,232</u>          |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                      |                |   |                         |
| Passed through California Department of Education (CDE):                   |                |   |                         |
| Child Nutrition Cluster:   |                |   |                         |
| Especially Needy Breakfast   | 10.553         | 13526   | 103,769                 |
| National School Lunch Program  | 10.555         | 13524   | 181,268                 |
| Total Child Nutrition Cluster  |                |   | <u>285,037</u>          |
| Total U.S. Department of Agriculture                                       |                |   | <u>285,037</u>          |
| Total Federal Programs   |                |   | <u>\$ 600,269</u>       |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy (Charter Number 0438) was granted on July 1, 2002, by the Los Angeles Unified School District. The Charter School operates one school, grades four through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report         |               |
|---------------------------|----------------------|---------------|
|                           | Second Period Report | Annual Report |
| Regular ADA               |                      |               |
| Sixth                     | 81.52                | 80.95         |
| Seventh and eighth        | 174.94               | 174.09        |
| Ninth through twelfth     | 255.40               | 254.23        |
| Total Regular ADA         | <u>511.86</u>        | <u>509.27</u> |
| Classroom based ADA       |                      |               |
| Sixth                     | 81.52                | 80.95         |
| Seventh and eighth        | 174.94               | 174.09        |
| Ninth through twelfth     | 255.40               | 254.23        |
| Total Classroom based ADA | <u>511.86</u>        | <u>509.27</u> |

The Charter School did not operate a non-classroom based Instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|               |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8  | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6       |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grade 7       |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grade 8       |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                            | 62,949                                       |                              |                         |                        |          |
| Grade 9       |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grade 10      |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grade 11      |                                   |  | 70,723                       | 179                     | N/A                    | Complied |
| Grade 12      |                                   |  | 70,723                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**FUND BALANCE**

|  |              |
|--|--------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 2,101,135 |
| Increase (decrease) the fund balance                   |              |
| Cash   | (86,785)     |
| Accounts receivable                                    | 24,596       |
| Accumulated depreciation                               | 35,478       |
| Accounts payable                                       | 152,794      |
| Balance, June 30, 2015,<br>Audited Financial Statement | \$ 2,227,218 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Local Education Agency Organization Structure**

This schedule provides information about the schools operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to Magnolia Science Academy.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

The Charter School must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

DRAFT 12/09/2015

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

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 Magnolia Science Academy (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Magnolia Science Academy's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Magnolia Science Academy'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Magnolia Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Magnolia Science Academy'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



**DRAFT 12/09/2015**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Magnolia Science Academy'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Magnolia Science Academy in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board  
Magnolia Science Academy  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

**Report on Compliance for Each Major Federal Program**

We have audited Magnolia Science Academy's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Magnolia Science Academy's (the Charter School) (A California Nonprofit Public Benefit Corporation) major Federal programs for the year ended June 30, 2015. Magnolia Science Academy's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Magnolia Science Academy's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Magnolia Science Academy'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 compliance for each major Federal program. However, our audit does not provide a legal determination of Magnolia Science Academy's compliance.

DRAFT 12/09/2015

***Opinion on Each Major Federal Program***

In our opinion, Magnolia Science Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of Magnolia Science Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Magnolia Science Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Magnolia Science Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Governing Board  
Magnolia Science Academy  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

**Report on State Compliance**

We have audited Magnolia Science Academy's (the Charter School) (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Magnolia Science Academy's State government programs as noted below for the year ended June 30, 2015.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of each of the Magnolia Science Academy's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Magnolia Science Academy'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 opinions. Our audit does not provide a legal determination of Magnolia Science Academy's compliance with those requirements.

***Unmodified Opinion***

In our opinion, Magnolia Science Academy complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

In connection with the audit referred to above, we selected and tested transactions and records to determine the Magnolia Science Academy' compliance with the State laws and regulations applicable to the following items:

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | Yes                         |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**FEDERAL AWARDS**

|   |                      |
|---|----------------------|
| Internal control over major Federal programs:   |                      |
| Material weakness identified?   | <u>No</u>            |
| Significant deficiency identified?  | <u>None reported</u> |
| Type of auditor's report issued on compliance for major Federal programs:   | <u>Unmodified</u>    |
| Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? | <u>No</u>            |

Identification of major Federal programs:

| <u>CFDA Numbers</u>   | <u>Name of Federal Program or Cluster</u>                     |
|-----------------------|---|
| <u>84.027</u>         | <u>Special Education Cluster</u>                              |
| <u>10.553, 10.555</u> | <u>Child Nutrition Cluster</u>                                |
| <u>84.010</u>         | <u>Title I, Part A, Basic Grants Low Income and Neglected</u> |

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 300,000</u> |
| Auditee qualified as low-risk auditee?                                   | <u>No</u>         |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.



**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FEDERAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

**DRAFT 12/09/2015**

Governing Board  
Magnolia Science Academy  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

In planning and performing our audit of the financial statements of Magnolia Science Academy, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

**Cash Collections - MSA**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.

**Cash Disbursements - MSA**

*Observation*

It was noted that an "employee" (Teacher) of the charter school was paid outside of the payroll process as an "independent contractor" for a "home visit".

*Recommendation*

The charter school should take the necessary steps to implement procedures to prevent this type of situation from occurring in the future. The determination of an "independent contractor" versus an "employee" should be reviewed with all staff involved in consultant contracts to ensure the staff is aware of the IRS regulations.

Governing Board  
Magnolia Science Academy

**DRAFT 12/09/2015**

*Corrective Action Plan*

Accounting staff are aware that employees need to be paid through the payroll process and not through the disbursements process.

**Payroll - MSA**

*Observation*

It was noted that one of the employees tested received lower pay than what is on the May 2, 2014, Board approved pay scale for the employee's position.

*Recommendation*

A procedure should be in place to make sure that employee wages are being processed accurately through the personnel and payroll systems. Differences in pay should be investigated and resolved by paying employees the amount owed based on the May 2, 2014, Board approved pay scale. The charter schools should be aware that in case of retro payment, there may need to be a revision to the employee's W-2 (Form W-2C) and W-3 transmittal (Form W-3C); as well as Form 941X for quarter(s) affected among other necessary adjustments/corrections.

*Corrective Action Plan*

The charter school has reviewed the calculations and made corrections as required. The new process implemented for payroll has eliminated the manual system to an automated system starting 2016.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy 2  
(A California Nonprofit Public Benefit Corporation)  
Van Nuys, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 2 (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

**Opinion****DRAFT 12/09/2015**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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***Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015



**DRAFT 12/09/2015**

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 571,069       |
| Accounts receivable       | 362,421          |
| Intra-company receivable  | 103,066          |
| Total Current Assets      | <u>1,036,556</u> |

Non-Current Assets:

|                                |                     |
|--------------------------------|---------------------|
| Fixed assets                   | 198,585             |
| Less: accumulated depreciation | <u>139,376</u>      |
| Total Non-Current Assets       | 59,209              |
| Total Assets                   | <u>\$ 1,095,765</u> |

**LIABILITIES**

Current Liabilities:

|  |               |
|--|---------------|
| Accounts payable and accruals            | \$ 51,506     |
| Current portion of long-term obligations | <u>25,000</u> |
| Total Current Liabilities                | <u>76,506</u> |

Long-Term Obligations:

|  |                |
|--|----------------|
| Non-current portion of long-term obligations | <u>25,000</u>  |
| Total Liabilities                            | <u>101,506</u> |

**NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| Unrestricted                     | <u>994,259</u>      |
| Total Net Assets                 | <u>994,259</u>      |
| Total Liabilities and Net Assets | <u>\$ 1,095,765</u> |

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

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 3,336,116     |
| Federal revenue      | 222,128          |
| Other State revenue  | 393,474          |
| Local revenue        | <u>53,812</u>    |
| Total Revenues       | <u>4,005,530</u> |

**EXPENSES**

Program services:

|                        |               |
|------------------------|---------------|
| Salaries and benefits  | 2,190,290     |
| Student services       | 320,550       |
| Materials and supplies | 127,386       |
| Student nutrition      | 75,779        |
| Other expenses         | <u>16,738</u> |

|          |                  |
|----------|------------------|
| Subtotal | <u>2,730,743</u> |
|----------|------------------|

Management and general:

|                    |            |
|--------------------|------------|
| Depreciation       | 7,720      |
| Management fee     | 757,224    |
| Occupancy          | 140,120    |
| Operating expenses | 214,576    |
| Interest           | <u>296</u> |

|          |                  |
|----------|------------------|
| Subtotal | <u>1,119,936</u> |
|----------|------------------|

|                |                  |
|----------------|------------------|
| Total Expenses | <u>3,850,679</u> |
|----------------|------------------|

**CHANGE IN UNRESTRICTED**

|                   |                |
|-------------------|----------------|
| <b>NET ASSETS</b> | <u>154,851</u> |
|-------------------|----------------|

|                                      |                |
|--------------------------------------|----------------|
| <b>NET ASSETS, BEGINNING OF YEAR</b> | <u>839,408</u> |
|--------------------------------------|----------------|

|                                |                   |
|--------------------------------|-------------------|
| <b>NET ASSETS, END OF YEAR</b> | <u>\$ 994,259</u> |
|--------------------------------|-------------------|

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

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| <b>Increase in unrestricted net assets</b>   | \$ 154,851     |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                |
| Depreciation expense   | 7,720          |
| Changes in operating assets and liabilities:   |                |
| Decrease in assets   |                |
| Accounts receivable  | 169,800        |
| Intra-company receivable   | 20,103         |
| Security deposits  | 21,310         |
| Increase in liabilities  |                |
| Accounts payable and accruals  | (91,243)       |
| Net Cash Provided by<br>Operating Activities   | <u>282,541</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                 |
|--|-----------------|
| Capital expenditures                     | <u>(41,723)</u> |
| Net Cash Used by<br>Investing Activities | <u>(41,723)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|  |                 |
|--|-----------------|
| Loan principal payments                  | <u>(24,998)</u> |
| Net Cash Used by<br>Financing Activities | <u>(24,998)</u> |

|   |                   |
|---|-------------------|
| <b>NET INCREASE IN CASH</b>                             | 215,820           |
| <b>CASH AND CASH EQUIVALENTS,<br/>BEGINNING OF YEAR</b> | <u>355,249</u>    |
| <b>CASH AND CASH EQUIVALENTS,<br/>END OF YEAR</b>       | <u>\$ 571,069</u> |

**Supplemental cash flow disclosure:**

|  |               |
|--|---------------|
| Cash paid during the period for interest | <u>\$ 296</u> |
|--|---------------|

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

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 2**

Charter school number authorized by the State: 0906

Magnolia Science Academy 2 (the Charter School) is a charter school located in Van Nuys, California that provides sixth through twelfth grade education to approximately 429 students. The Charter School was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding. Magnolia Public Schools provides a college preparatory educational program emphasizing science, technology, engineering, and math (STEM) in a safe environment that cultivates respect for self and others. Graduates of Magnolia Public Schools are scientific thinkers who contribute to the global community as socially responsible and educated members of society.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tiered expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 13 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$26,572.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Asset Classes**

Magnolia Science Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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Net assets of the Magnolia Science Academy 2 consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 571,069</u>          | <u>\$ 637,167</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$620,780 in excess of insured limits.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                           |                   |
|---------------------------|-------------------|
| Federal receivable        | \$ 1,474          |
| Due from LACOE            | <u>360,947</u>    |
| Total Accounts Receivable | <u>\$ 362,421</u> |



**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 5 - INTRA-COMPANY RECEIVABLE***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$103,066 from the Foundation.

***NOTE 6 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                  |
|--------------------------------|------------------|
| Software and equipment         | \$ 198,585       |
| Less: accumulated depreciation | <u>(139,376)</u> |
| Total Fixed Assets             | <u>\$ 59,209</u> |

During the year ended June 30, 2015, \$7,721 was charged to depreciation expense.

***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                      |                  |
|----------------------|------------------|
| Vendor payables      | \$ 16,498        |
| Salries and benefits | 11,290           |
| Due to LAUSD         | <u>23,718</u>    |
|                      | <u>\$ 51,506</u> |

***NOTE 8 - REVOLVING LOAN***

The Charter School applied for, and was accepted into, the California School Finance Authority Charter School Revolving Loan Program. The Charter School received a loan in the amount of \$100,000. The loan bears an interest rate of 0.24 percent. The terms of the loan require four annual payments of \$25,000 over the next four years and are to be withheld from the apportionment payments. The maturity date is June 30, 2017.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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Future payments are as follows:

| Fiscal Year Ending<br>June 30, | Payments         |
|--------------------------------|------------------|
| 2016                           | \$ 25,000        |
| 2017                           | 25,000           |
| Total                          | <u>\$ 50,000</u> |

***NOTE 9 - FACILITIES USE AGREEMENT***

The Charter School renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$139,606.

***NOTE 10 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal year ended June 30, 2015, were \$757,224.

***NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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, 2014, total actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$130,422.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   | December 31, 2012                     | January 1, 2013    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$5,012.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$111,681 (5.679 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 12 - CONTINGENCIES***

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. As of September 2015, the Office of Internal Investigation has started a review of prior year activity. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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During the year ended June 30, 2015, the Charter School made payments of \$42,200 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

***NOTE 14 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy 2 (Charter Number 0906) was granted on July 1, 2002, by the Los Angeles Unified School District. The Charter School operates one school, grades six through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                  |
|---------------------------|-------------------------|------------------|
|                           | Second Period<br>Report | Annual<br>Report |
| Regular ADA               |                         |                  |
| Sixth                     | 98.65                   | 98.05            |
| Seventh and eighth        | 181.87                  | 180.39           |
| Ninth through twelfth     | 157.59                  | 156.23           |
| Total Regular ADA         | <u>438.11</u>           | <u>434.67</u>    |
| Classroom based ADA       |                         |                  |
| Sixth                     | 98.65                   | 98.05            |
| Seventh and eighth        | 181.87                  | 180.39           |
| Ninth through twelfth     | 157.59                  | 156.23           |
| Total Classroom based ADA | <u>438.11</u>           | <u>434.67</u>    |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87                | Reduced<br>1986-87     | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|------------------------|------------------------|------------------------------|-------------------------|------------------------|----------|
|               | Minutes<br>Requirement | Minutes<br>Requirement |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 4 - 6  | 54,000                 | 52,457                 |                              |                         |                        |          |
| Grade 6       |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grades 7 - 8  | 54,000                 | 52,457                 |                              |                         |                        |          |
| Grade 7       |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grade 8       |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                 | 62,949                 |                              |                         |                        |          |
| Grade 9       |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grade 10      |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grade 11      |                        |                        | 63,702                       | 179                     | N/A                    | Complied |
| Grade 12      |                        |                        | 63,702                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

FUND BALANCE

|  |                   |
|--|-------------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 987,700        |
| Decrease in:   |                   |
| Cash   | (1)               |
| Accounts receivable                                    | (5,672)           |
| Accumulated depreciation                               | 18,852            |
| Accounts payable and accrued payroll                   | <u>(6,620)</u>    |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 994,259</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Non-Profit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 2  
(A California Nonprofit Public Benefit Corporation)  
Van Nuys, California

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 Magnolia Science Academy 2 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School 's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters**

**DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015



DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 2  
(A California Nonprofit Public Benefit Corporation)  
Van Nuys, California

### Report on State Compliance

We have audited Magnolia Science Academy 2's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School 's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

**DRAFT 12/09/2015**

The Charter School did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**DRAFT 12/09/2015**

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 2**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



DRAFT 12/09/2015

Governing Board  
 Magnolia Science Academy 2  
 (A California Nonprofit Public Benefit Corporation)  
 Van Nuys, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 2, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

#### **Cash Collections - MSA 2**

##### *Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were four stale-dated checks totaling \$32,307.

##### *Recommendation*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".

##### *Corrective Action Plans*

1. A new process has been implemented with the third-party back office provider to prepare all reconciliation for management's review and signatures.
2. The stale-dated checks will be written off and a procedure has been implemented to review in future checks outstanding.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
 \_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy 3  
(A California Nonprofit Public Benefit Corporation)  
Carson, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 3 (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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***Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 183,685     |
| Accounts receivable       | 360,992        |
| Intra-company receivable  | <u>307,336</u> |
| Total Current Assets      | <u>852,013</u> |

Non-Current Assets:

|                                |                   |
|--------------------------------|-------------------|
| Fixed assets                   | 136,648           |
| Less: accumulated depreciation | <u>128,230</u>    |
| Total Non-Current Assets       | <u>8,418</u>      |
| Total Assets                   | <u>\$ 860,431</u> |

**LIABILITIES**

Current Liabilities:

|                               |                  |
|-------------------------------|------------------|
| Accounts payable and accruals | <u>\$ 63,602</u> |
| Total Current Liabilities     | <u>63,602</u>    |

**NET ASSETS**

|                                     |                   |
|-------------------------------------|-------------------|
| Unrestricted                        | <u>796,829</u>    |
| Total Net Assets                    | <u>796,829</u>    |
| Total Liabilities and<br>Net Assets | <u>\$ 860,431</u> |

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

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |              |
|----------------------|--------------|
| State apportionments | \$ 3,406,316 |
| Federal revenue      | 490,995      |
| Other State revenue  | 580,951      |
| Local revenue        | 16,668       |
| Total Revenues       | 4,494,930    |

**EXPENSES**

Program services:

|                        |           |
|------------------------|-----------|
| Salaries and benefits  | 2,345,482 |
| Student services       | 352,586   |
| Materials and supplies | 142,912   |
| Student nutrition      | 315,244   |
| Other expenses         | 28,199    |

|          |           |
|----------|-----------|
| Subtotal | 3,184,423 |
|----------|-----------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 22,673  |
| Management fee     | 762,632 |
| Occupancy          | 420,651 |
| Operating expenses | 541     |
| Debt service       | 72      |

|          |           |
|----------|-----------|
| Subtotal | 1,206,569 |
|----------|-----------|

|                |           |
|----------------|-----------|
| Total Expenses | 4,390,992 |
|----------------|-----------|

|  |            |
|--|------------|
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b> | 103,938    |
| <b>NET ASSETS, BEGINNING OF YEAR</b>     | 692,891    |
| <b>NET ASSETS, END OF YEAR</b>           | \$ 796,829 |

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

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                          |
|---|--------------------------|
| <b>Change in unrestricted net assets</b>  | \$ 103,938               |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                          |
| Depreciation expense  | 22,673                   |
| Changes in operating assets and liabilities:  |                          |
| (Increase) Decrease in assets   |                          |
| Accounts receivable   | 135,497                  |
| Intra-company receivable  | (82,636)                 |
| Security deposits   | 20,035                   |
| Increase (Decrease) in liabilities  |                          |
| Accounts payable and accruals   | (229,704)                |
| Net Cash Used in Operating Activities   | <u>(30,197)</u>          |
| <b>NET DECREASE IN CASH</b>   | <u>(30,197)</u>          |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                     | <u>213,882</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u><u>\$ 183,685</u></u> |

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



**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 3**

Charter school number authorized by the State: 0917

Magnolia Science Academy 3 (the Charter School) is a charter school located in Carson, California that provides sixth through twelfth grade education to approximately 450 students. The Charter School was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 12 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$22,673.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 183,685</u>          | <u>\$ 313,439</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$305,378 in excess of insured limits.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 4 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 291,758        |
| Federal receivable            | 48,274            |
| State receivable              | 1,118             |
| Lottery                       | <u>19,842</u>     |
| Total Accounts Receivable     | <u>\$ 360,992</u> |

***NOTE 5 - INTRA-COMPANY RECEIVABLE***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. On June 30, 2015, the Charter School had an intercompany receivable balance of \$307,336 from the Foundation.

***NOTE 6 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                  |
|--------------------------------|------------------|
| Software and equipment         | \$ 136,648       |
| Less: accumulated depreciation | <u>(128,230)</u> |
| Total Fixed Assets             | <u>\$ 8,418</u>  |

During the year ended June 30, 2015, \$22,673 was charged to depreciation expense.

***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                        |                  |
|------------------------|------------------|
| Payroll and benefits   | \$ 34,875        |
| Vendor payables        | <u>28,727</u>    |
| Total Accounts Payable | <u>\$ 63,602</u> |

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 8 - FACILITIES USE AGREEMENT***

The Charter School renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$210,227.

Future payments are as follows:

| <u>Fiscal Year</u> | <u>Payment</u>    |
|--------------------|-------------------|
| 2016               | <u>\$ 210,227</u> |

***NOTE 9 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. The amount of management fees paid to the Foundation for fiscal year ended June 30, 2015, is \$762,632.

***NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$127,798.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.



**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
| Hire date   | December 31, 2012                     | January 1, 2013    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$4,046.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$74,253 (5.679 percent of the Charter School's 201-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 11 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 12 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$41,530 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 13 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy 3 (Charter Number 0917) was granted on July 12, 2007, and renewed in 2012, for a period of five years expiring June 30, 2017, by the Los Angeles Unified School District. The Charter School operates one school, grades six through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                  |
|---------------------------|-------------------------|------------------|
|                           | Second Period<br>Report | Annual<br>Report |
| Regular ADA               |                         |                  |
| Sixth                     | 81.48                   | 81.34            |
| Seventh and eighth        | 177.46                  | 177.74           |
| Ninth through twelfth     | 174.53                  | 173.15           |
| Total Regular ADA         | <u>433.47</u>           | <u>432.23</u>    |
| Classroom based ADA       |                         |                  |
| Sixth                     | 81.48                   | 81.34            |
| Seventh and eighth        | 177.46                  | 177.74           |
| Ninth through twelfth     | 174.53                  | 173.15           |
| Total Classroom based ADA | <u>433.47</u>           | <u>432.23</u>    |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|               |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8  | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6       |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grade 7       |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grade 8       |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                            | 62,949                                       |                              |                         |                        |          |
| Grade 9       |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grade 10      |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grade 11      |                                   |  | 62,978                       | 179                     | N/A                    | Complied |
| Grade 12      |                                   |  | 62,978                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**FUND BALANCE**

|  |                          |
|--|--------------------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 513,286               |
| Increase in:   |                          |
| Accounts receivable                                    | 13,650                   |
| Intra-company receivable                               | 307,336                  |
| Accumulated depreciation                               | (2,673)                  |
| Decrease in:   |                          |
| Cash   | (129,754)                |
| Accounts payable                                       | <u>94,984</u>            |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u><u>\$ 796,829</u></u> |

See accompanying note to supplementary information.



**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 3  
(A California Nonprofit Public Benefit Corporation)  
Carson, California

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 Magnolia Science Academy 3 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

## Compliance and Other Matters

**DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

### **Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 3  
(A California Nonprofit Public Benefit Corporation)  
Carson, California

### Report on State Compliance

We have audited Magnolia Science Academy 3's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

**DRAFT 12/09/2015**

The Charter School did not receive funding related to the Charter School Facility Grant Program, therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 3**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
 Magnolia Science Academy 3  
 (A California Nonprofit Public Benefit Corporation)  
 Carson, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 3, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

### **Cash Collections - MSA 3**

#### *Observation*

1. Teachers collecting funds at the charter schools do not use triplicate, pre-numbered receipts, logs, tally sheets or any sort of adequate cash collection backup.
2. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

#### *Recommendations*

1. It is recommended that the charter school use triplicate, pre-numbered, receipt books. Tally sheets may also be used as the cash receipt control procedure, two people should be involved: one person to make a mark on the tally sheet when an item is sold and issue the goods and another person to collect the cash. When impractical to use pre-numbered receipts due to high volume of collections for small amounts of cash collected, it is recommended that the individual collecting funds use a class roster or a log in lieu of triplicate, pre-numbered receipts. Documents mentioned are provided to the front office along with funds receipted.
2. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis

#### *Corrective Action Plans*

1. The school sites are responsible for keeping proper supporting documentation for the collection of money. MERF will be reviewing procedures with all principals to enhance the verification of deposits and will be tested periodically to double-check the collections.
2. A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

Governing Board  
Magnolia Science Academy 3

**DRAFT 12/09/2015**

**Cash Disbursements - MSA 3**

*Observation*

It was noted that an "employee" of the charter school was paid outside of the payroll process as an "independent contractor" for "referee services".

*Recommendation*

The charter school should take the necessary steps to implement procedures to prevent this type of situation from occurring in the future. The determination of an "independent contractor" versus an "employee" should be reviewed with all staff involved in consultation contracts to ensure the staff is aware of the IRS regulations. In addition, the charter school should perform a review of the procedures for determining who receives a Form 1099 to ensure all 1099's are properly issued.

*Corrective Action Plan*

Accounting staff is aware that employees are to be paid through the payroll process and not through the disbursements process.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy 4  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 4 (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.



DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 352,618     |
| Accounts receivable       | 142,430        |
| Intra-company receivable  | 24,822         |
| Total Current Assets      | <u>519,870</u> |

Non-Current Assets:

|                                |                   |
|--------------------------------|-------------------|
| Fixed assets                   | 117,493           |
| Less: accumulated depreciation | <u>91,160</u>     |
| Total Non-Current Assets       | 26,333            |
| Total Assets                   | <u>\$ 546,203</u> |

**LIABILITIES**

Current Liabilities

|                               |               |
|-------------------------------|---------------|
| Accounts payable and accruals | \$ 70,707     |
| Total Current Liabilities     | <u>70,707</u> |

**NET ASSETS**

|                                     |                   |
|-------------------------------------|-------------------|
| Unrestricted                        | <u>475,496</u>    |
| Total Net Assets                    | <u>475,496</u>    |
| Total Liabilities and<br>Net Assets | <u>\$ 546,203</u> |

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

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |              |
|----------------------|--------------|
| State apportionments | \$ 1,703,922 |
| Federal revenue      | 138,952      |
| Other State revenue  | 239,123      |
| Local revenue        | 30,265       |
| Total Revenues       | 2,112,262    |

**EXPENSES**

Program services:

|                        |           |
|------------------------|-----------|
| Salaries and benefits  | 1,036,532 |
| Student services       | 153,122   |
| Materials and supplies | 22,240    |
| Student nutrition      | 52,263    |
| Other expenses         | 4,885     |

|          |           |
|----------|-----------|
| Subtotal | 1,269,042 |
|----------|-----------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 4,264   |
| Management fee     | 237,895 |
| Occupancy          | 146,543 |
| Operating expenses | 217,380 |
| Interest           | 234     |

|          |         |
|----------|---------|
| Subtotal | 606,316 |
|----------|---------|

|                |           |
|----------------|-----------|
| Total Expenses | 1,875,358 |
|----------------|-----------|

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

236,904

238,592

\$ 475,496

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

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|   |                   |
|---|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |
| <b>Change in unrestricted net assets</b>  | \$ 236,904        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |
| Depreciation expense  | 4,264             |
| Changes in operating assets and liabilities:  |                   |
| (Increase) Decrease in assets   |                   |
| Accounts receivable   | 44,676            |
| Intra-company receivable  | (24,822)          |
| Noncurrent receivable   | 19,225            |
| Increase in liabilities   |                   |
| Accounts payable and accruals   | 14,686            |
| Net Cash Provided by Operating Activities   | <u>294,933</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |
| Capital expenditures  | <u>(24,863)</u>   |
| Net Cash Provided (Used) by Investing Activities  | <u>(24,863)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |
| Loan principal payments   | <u>(20,103)</u>   |
| Net Cash Used by Financing Activities   | <u>(20,103)</u>   |
| <b>NET CHANGE IN CASH</b>   | <u>249,967</u>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <u>102,651</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 352,618</u> |
| <b>Supplemental cash flow disclosure:</b>   |                   |
| Cash paid during the period for interest  | <u>\$ 234</u>     |

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

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 4**

Charter school number authorized by the State: 0986

Magnolia Science Academy4 (the Charter School) is a charter school located in Los Angeles, California that provides sixth through twelfth grade education to approximately 196 students. The Charter School was created under the approval of the Los Angeles Unified School District (LAUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's CMO, Charter School Management Organization, that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 13 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$4,264.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.



**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 352,618</u>          | <u>\$ 565,596</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$551,050 in excess of insured limits.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 4 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                          |
|-------------------------------|--------------------------|
| Local Control Funding Formula | \$ 124,184               |
| Federal receivable            | 6,812                    |
| State receivable              | 3,751                    |
| Lottery                       | <u>7,683</u>             |
| Total Accounts Receivable     | <u><u>\$ 142,430</u></u> |

***NOTE 5 - INTRA-COMPANY RECEIVABLE***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$24,822 from the Foundation.

***NOTE 6 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                         |
|--------------------------------|-------------------------|
| Software and equipment         | \$ 117,493              |
| Less: accumulated depreciation | <u>(91,160)</u>         |
| Total Fixed Assets             | <u><u>\$ 26,333</u></u> |

During the year ended June 30, 2015, \$4,264 was charged to depreciation expense.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                        |                  |
|------------------------|------------------|
| Payroll and benefits   | \$ 31,298        |
| Vendor payables        | 15,681           |
| Due to LAUSD           | <u>23,728</u>    |
| Total Accounts Payable | <u>\$ 70,707</u> |

***NOTE 8 - FACILITIES USE AGREEMENT***

The Charter School renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$146,543.

***NOTE 9 - LOANS PAYABLE***

**California Department of Education**

The Charter School received an unsecured revolving loan payable to the California Department of Education totaling \$100,000 on May 25, 2010. The loan balance as of June 30, 2015 was \$20,000. The loan has an interest rate of 0.53% and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on August 20, 2010. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments. As of June 30, 2015, the loan has been paid in full.

***NOTE 10 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. The amount of management fees paid to the Foundation for fiscal year ended June 30, 2015 is \$237,895.

***NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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(CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

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The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$59,297.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter School's Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available

**MAGNOLIA SCIENCE ACADEMY 4**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   |                                       |                    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$3,739.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$33,234 (5.541 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 12 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$21,438 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

**MAGNOLIA SCIENCE ACADEMY 4**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 14 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.



**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy (Charter Number 0986) was granted on May 8, 2008, by the Los Angeles Unified School District. The Charter School operates one school, grades six through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                      |
|---------------------------|-------------------------|----------------------|
|                           | Second Period<br>Report | Annual<br>Report     |
| Regular ADA               |                         |                      |
| Sixth                     | 22.50                   | 21.59                |
| Seventh and eighth        | 71.51                   | 70.52                |
| Ninth through twelfth     | <u>119.75</u>           | <u>117.67</u>        |
| Total Regular ADA         | <u><u>213.76</u></u>    | <u><u>209.78</u></u> |
| Classroom based ADA       |                         |                      |
| Sixth                     | 22.50                   | 21.59                |
| Seventh and eighth        | 71.51                   | 70.52                |
| Ninth through twelfth     | <u>119.75</u>           | <u>117.67</u>        |
| Total Classroom based ADA | <u><u>213.76</u></u>    | <u><u>209.78</u></u> |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|               |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8  | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6       |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grade 7       |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grade 8       |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                            | 62,949                                       |                              |                         |                        |          |
| Grade 9       |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grade 10      |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grade 11      |                                   |  | 70,435                       | 179                     | N/A                    | Complied |
| Grade 12      |                                   |  | 70,435                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 4**  
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**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**FUND BALANCE**

|  |                   |
|--|-------------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 502,151        |
| Increase in:   |                   |
| Fixed Assets   | 2,020             |
| Accounts payables                                      | (28,672)          |
| Decrease in:   |                   |
| Cash   | (1)               |
| Accounts receivable                                    | (2)               |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 475,496</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to Magnolia Science Academy 4.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 4  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

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 Magnolia Science Academy 4 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Magnolia Science Academy 4'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Magnolia Science Academy 4's internal control. Accordingly, we do not express an opinion on the effectiveness of Magnolia Science Academy 4'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



## Compliance and Other Matters

**DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether Magnolia Science Academy 4'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Academy in a separate letter dated \_\_\_\_\_, 2015.

### **Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 4  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### Report on State Compliance

We have audited Magnolia Science Academy 4's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter School did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

**DRAFT 12/09/2015**

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.



**MAGNOLIA SCIENCE ACADEMY 4**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

**DRAFT 12/09/2015**

Governing Board  
Magnolia Science Academy 4  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 4, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Academy.

**Cash Collections - MSA 4**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliation for managements review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy 5  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 5 (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

---

**ASSETS**

Current Assets:

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 925,625       |
| Accounts receivable       | 66,084           |
| Intra-company receivable  | 180,692          |
| Total Current Assets      | <u>1,172,401</u> |

Non-Current Assets:

|                                |                     |
|--------------------------------|---------------------|
| Fixed assets                   | 111,918             |
| Less: accumulated depreciation | <u>91,406</u>       |
| Total Non-Current Assets       | <u>20,512</u>       |
| Total Assets                   | <u>\$ 1,192,913</u> |

**LIABILITIES**

Current Liabilities:

|                               |                |
|-------------------------------|----------------|
| Accounts payable and accruals | \$ 318,371     |
| Total Current Liabilities     | <u>318,371</u> |

**NET ASSETS**

|                                     |                     |
|-------------------------------------|---------------------|
| Unrestricted                        | <u>874,542</u>      |
| Total Net Assets                    | <u>874,542</u>      |
| Total Liabilities and<br>Net Assets | <u>\$ 1,192,913</u> |

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

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 780,024       |
| Federal revenue      | 78,761           |
| Other State revenue  | 169,416          |
| Local revenue        | <u>6,657</u>     |
| Total Revenues       | <u>1,034,858</u> |

**EXPENSES**

Program services:

|                        |                |
|------------------------|----------------|
| Salaries and benefits  | 619,946        |
| Student services       | 84,723         |
| Materials and supplies | 18,350         |
| Student nutrition      | 16,246         |
| Other expenses         | <u>3,878</u>   |
| Subtotal               | <u>743,143</u> |

Management and general:

|                    |                  |
|--------------------|------------------|
| Depreciation       | 14,927           |
| Management fee     | 103,749          |
| Occupancy          | 99,063           |
| Operating expenses | 85,552           |
| Interest           | <u>3,396</u>     |
| Subtotal           | <u>306,687</u>   |
| Total Expenses     | <u>1,049,830</u> |

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

(14,972)

889,514

\$ 874,542

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



**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| <b>Change in unrestricted net assets</b>  | \$ (14,972)    |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Depreciation expense  | 14,927         |
| Changes in operating assets and liabilities:  |                |
| Decrease in assets  |                |
| Accounts receivable   | 166,035        |
| Increase in liabilities   |                |
| Accounts payable and accruals   | 259,465        |
| Net Cash Provided by Operating Activities   | <u>594,763</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                      |                 |
|----------------------|-----------------|
| Capital expenditures | <u>(11,281)</u> |
|----------------------|-----------------|

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                       |                 |
|---------------------------------------|-----------------|
| Loan principal payments               | <u>(16,688)</u> |
| Net Cash used by Financing Activities | <u>(16,688)</u> |

**NET CHANGE IN CASH**

|   |                   |
|---|-------------------|
|   | <u>566,794</u>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>358,831</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u>\$ 925,625</u> |

**Supplemental cash flow disclosure:**

|  |                 |
|--|-----------------|
| Cash paid during the period for interest | <u>\$ 3,396</u> |
|--|-----------------|

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

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 5**

Charter school number authorized by the State: 0987

Magnolia Science Academy 5 (the Charter School), formerly located in Hollywood, now located in Reseda, California provides sixth through eighth grade education to approximately 112 students. The Charter School was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 12 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$14,927.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                          | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|--------------------------|----------------------------|-------------------------|
| Deposits                 |                            |                         |
| Cash on hand and in bank | <u>\$ 925,625</u>          | <u>\$ 1,020,968</u>     |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$994,710 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                  |
|-------------------------------|------------------|
| Local Control Funding Formula | \$ 44,351        |
| Federal receivable            | 413              |
| Other State receivable        | 1,146            |
| Lottery                       | 9,204            |
| Local receivable              | <u>10,970</u>    |
| Total Accounts Receivable     | <u>\$ 66,084</u> |

**NOTE 5 - INTRA-COMPANY RECEIVABLE**

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$180,692 from the Foundation.

**NOTE 6 - FIXED ASSETS**

Property and equipment consisted of the following at June 30, 2015:

|                                |                  |
|--------------------------------|------------------|
| Software and equipment         | \$ 111,918       |
| Less: accumulated depreciation | <u>(91,406)</u>  |
| Total Fixed Assets             | <u>\$ 20,512</u> |

During the year ended June 30, 2015, \$14,927 was charged to depreciation expense.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

|                        |                   |
|------------------------|-------------------|
| Payroll and benefits   | \$ 16,962         |
| Vendor payables        | 11,006            |
| Due to grantor         | <u>290,403</u>    |
| Total Accounts Payable | <u>\$ 318,371</u> |

**NOTE 8 - LOANS PAYABLE**

**California Department of Education**

The Charter School received an unsecured revolving loan payable to the California Department of Education totaling \$100,000 on May 25, 2010. The loan has an interest rate of 0.53 percent and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on August 20, 2010. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments. The loan balance as of June 30, 2015, was paid in full.

**NOTE 9 - FACILITIES USE AGREEMENT**

The Charter School renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$99,063.

Future payments are as follows:

|                    |                   |
|--------------------|-------------------|
| <u>Fiscal Year</u> | <u>Payment</u>    |
| 2016               | <u>\$ 100,168</u> |

**NOTE 10 - RELATED PARTY TRANSACTIONS**

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal year ended June 30, 2015, were \$103,749.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.



**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   | 2% at 60                            | 2% at 62           |
| Benefit formula   | 5 Years of Service                  | 5 Years of Service |
| Benefit vesting schedule                                  | Monthly for Life                    | Monthly for Life   |
| Benefit payments  | 60                                  | 62                 |
| Retirement age  | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Monthly benefits as a percentage of eligible compensation | 8.15%                               | 8.15%              |
| Required employee contribution rate                       | 8.88%                               | 8.88%              |
| Required employer contribution rate                       | 5.95%                               | 5.95%              |
| Required State contribution rate                          |                                     |                    |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$31,370.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | School Employer Pool (CalPERS) |                    |
|---|--------------------------------|--------------------|
|   | December 31, 2012              | January 1, 2013    |
| Hire date   | December 31, 2012              | January 1, 2013    |
| Benefit formula   | 2% at 55                       | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service             | 5 Years of Service |
| Benefit payments  | Monthly for Life               | Monthly for Life   |
| Retirement age  | 55                             | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                    | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                         | 6.000%             |
| Required employer contribution rate                       | 11.771%                        | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$3,899.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$15,034 (5.679 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 12 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) DBA CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and the CharterSAFE is such that the CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

The CharterSAFE has budgeting and financial reporting requirements independent of member units and the CharterSAFE's financial statements are not presented in these financial statements; however, transactions between the CharterSAFE and the Charter School are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$9,421 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to the CharterSAFE.

***NOTE 13 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 14 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy (Charter Number 0987) was granted on May 8, 2008, by the Los Angeles Unified School District. The Charter School has been approved for grades six through twelve and operated one school, grades six through eight for the year ended June 30, 2015.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | <u>Final Report</u>  |                      |
|---------------------------|----------------------|----------------------|
|                           | <u>Second Period</u> | <u>Annual</u>        |
|                           | <u>Report</u>        | <u>Report</u>        |
| Regular ADA               |                      |                      |
| Sixth                     | 67.94                | 67.59                |
| Seventh and eighth        | <u>35.21</u>         | <u>35.58</u>         |
| Total Regular ADA         | <u><u>103.15</u></u> | <u><u>103.17</u></u> |
| Classroom based ADA       |                      |                      |
| Sixth                     | 67.94                | 67.59                |
| Seventh and eighth        | <u>35.21</u>         | <u>35.58</u>         |
| Total Classroom based ADA | <u><u>103.15</u></u> | <u><u>103.17</u></u> |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level  | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|--------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|              |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8 | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6      |                                   |  | 60,666                       | 179                     | N/A                    | Complied |
| Grade 7      |                                   |  | 60,666                       | 179                     | N/A                    | Complied |
| Grade 8      |                                   |  | 60,666                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.



**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**FUND BALANCE**

|  |                   |
|--|-------------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 890,631        |
| Increase in:   |                   |
| Cash   | 525               |
| Accounts receivable                                    | 363               |
| Accounts payable                                       | (9,281)           |
| Decrease in:   |                   |
| Accumulated depreciation                               | (7,695)           |
| Intra-company receivable                               | (1)               |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 874,542</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 5  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

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 Magnolia Science Academy 5 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters****DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 5  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

### Report on State Compliance

We have audited Magnolia Science Academy 5's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015****Other Matters**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

**DRAFT 12/09/2015**

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015



DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 5**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
Magnolia Science Academy 5  
(A California Nonprofit Public Benefit Corporation)  
Reseda, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 5, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

**Cash Collections - MSA 5**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy 6  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 6 (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.



DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**DRAFT 12/09/2015**

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|   |            |
|---|------------|
| Cash and cash equivalents                 | \$ 806,785 |
| Accounts receivable                       | 229,670    |
| Prepaid expenses and other current assets | 8,000      |
| Total Current Assets                      | 1,044,455  |

Non-Current Assets:

|                                |              |
|--------------------------------|--------------|
| Fixed assets                   | 62,699       |
| Less: accumulated depreciation | 62,699       |
| Total Non-Current Assets       | -            |
| Total Assets                   | \$ 1,044,455 |

**LIABILITIES**

Current Liabilities:

|                               |            |
|-------------------------------|------------|
| Accounts payable and accruals | \$ 376,769 |
| Intra-company payable         | 181,177    |
| Total Current Liabilities     | 557,946    |

**NET ASSETS**

|                                  |              |
|----------------------------------|--------------|
| Unrestricted                     | 486,509      |
| Total Net Assets                 | 486,509      |
| Total Liabilities and Net Assets | \$ 1,044,455 |

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

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 1,155,329     |
| Federal revenue      | 105,101          |
| Other State revenue  | 221,875          |
| Local revenue        | 29,582           |
| Total Revenues       | <u>1,511,887</u> |

**EXPENSES**

Program services:

|                        |         |
|------------------------|---------|
| Salaries and benefits  | 686,248 |
| Student services       | 52,787  |
| Materials and supplies | 25,724  |
| Student nutrition      | 30,234  |
| Other expenses         | 9,755   |

|          |                |
|----------|----------------|
| Subtotal | <u>804,748</u> |
|----------|----------------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 8,461   |
| Occupancy          | 96,000  |
| Operating expenses | 180,631 |

|          |                |
|----------|----------------|
| Subtotal | <u>285,092</u> |
|----------|----------------|

|                |                  |
|----------------|------------------|
| Total Expenses | <u>1,089,840</u> |
|----------------|------------------|

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

422,047

64,462

\$ 486,509

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

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| <b>Change in unrestricted net assets</b>  | \$ 422,047     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Depreciation expense  | 8,461          |
| Changes in operating assets and liabilities:  |                |
| (Increase) Decrease in assets   |                |
| Accounts receivable   | 93,655         |
| Intra-company receivable  | (294,100)      |
| Prepaid expenses and other current assets   | (8,000)        |
| Increase (Decrease) in liabilities  |                |
| Accounts payable and accruals   | 276,484        |
| Intra-company payable   | 173,719        |
| Net Cash Provided by Operating Activities   | <u>672,266</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                       |                 |
|---------------------------------------|-----------------|
| Loan principal payments               | <u>(23,438)</u> |
| Net Cash Used by Financing Activities | <u>(23,438)</u> |

|   |                   |
|---|-------------------|
| <b>NET INCREASE IN CASH</b>                         | <u>648,828</u>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>157,957</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u>\$ 806,785</u> |

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

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 6**

Charter school number authorized by the State: 0988

Magnolia Science Academy-6 (School) is a charter school located in Los Angeles, California that provides sixth through twelfth grade education to approximately 145 students. The School was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. The School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 14 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$8,461.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.



**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                          | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|--------------------------|----------------------------|-------------------------|
| Deposits                 |                            |                         |
| Cash on hand and in bank | <u>\$ 806,785</u>          | <u>\$ 847,430</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$597,430 in excess of insured limits.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 187,628        |
| Federal receivable            | 8,578             |
| State receivable              | 6,000             |
| Lottery                       | 5,694             |
| Local receivable              | 21,770            |
| Total Accounts Receivable     | <u>\$ 229,670</u> |

**NOTE 5 - PREPAID EXPENSES**

Prepaid expenses at June 30, 2015, consisted of the following:

|  |                 |
|--|-----------------|
| Prepaid rent, insurance, and miscellaneous vendors | <u>\$ 8,000</u> |
|--|-----------------|

**NOTE 6 - FIXED ASSETS**

Fixed assets at June 30, 2015, consisted of the following:

|                                |                 |
|--------------------------------|-----------------|
| Software and equipment         | \$ 62,699       |
| Less: accumulated depreciation | <u>(62,699)</u> |
| Total Fixed Assets             | <u>\$ -</u>     |

During the year ended June 30, 2015, \$8,461 was charged to depreciation expense.

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

|                        |                   |
|------------------------|-------------------|
| Payroll and benefits   | \$ 16,095         |
| Vendor payables        | 18,772            |
| Due to LAUSD           | 388               |
| Due to grantor         | 341,514           |
| Total Accounts Payable | <u>\$ 376,769</u> |

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 8 - OPERATING LEASE***

The Charter School entered into an operating lease with First Lutheran Church of Culver City and Palms for the use of property located in Los Angeles, California at 3754 Dunn Drive for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement began August 1, 2014, and renew annually upon mutual agreement. Lease expense during the year ended June 30, 2015, was \$96,000.

Future payments are as follows:

| <u>Fiscal Year</u> | <u>Payment</u>    |
|--------------------|-------------------|
| 2016               | <u>\$ 107,000</u> |

***NOTE 9 - LOANS PAYABLE***

**California Department of Education**

The Charter School received an unsecured revolving loan payable to the California Department of Education totaling \$100,000 on May 25, 2010. The loan has an interest rate of 0.53 percent and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on August 20, 2010. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments. The loan balance as of June 30, 2015, was paid in full.

***NOTE 10 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. The amount of management fees paid to the Foundation for fiscal year ended June 30, 2015, is \$150,563.

***NOTE 11 - INTRA-COMPANY PAYABLE***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$181,177 from the Foundation.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$35,864.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | School Employer Pool (CalPERS) |                    |
|---|--------------------------------|--------------------|
|   | December 31, 2012              | January 1, 2013    |
| Hire date   | December 31, 2012              | January 1, 2013    |
| Benefit formula   | 2% at 55                       | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service             | 5 Years of Service |
| Benefit payments  | Monthly for Life               | Monthly for Life   |
| Retirement age  | 55                             | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                    | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                         | 6.000%             |
| Required employer contribution rate                       | 11.771%                        | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$4,020.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$18,427 (5.679 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

***NOTE 13 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$13,602 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 15 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the



**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy 6 (Charter Number 0988) was granted on May 8, 2008, by the Los Angeles Unified School District. The Charter School operates one school, grades four through eight.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                  |
|---------------------------|-------------------------|------------------|
|                           | Second Period<br>Report | Annual<br>Report |
| Regular ADA               |                         |                  |
| Sixth                     | 51.18                   | 50.84            |
| Seventh and eighth        | 108.42                  | 109.38           |
| Total Regular ADA         | <u>159.60</u>           | <u>160.22</u>    |
| Classroom based ADA       |                         |                  |
| Sixth                     | 51.18                   | 50.84            |
| Seventh and eighth        | 108.42                  | 109.38           |
| Total Classroom based ADA | <u>159.60</u>           | <u>160.22</u>    |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level  | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|--------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|              |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8 | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6      |                                   |  | 62,229                       | 179                     | N/A                    | Complied |
| Grade 7      |                                   |  | 62,229                       | 179                     | N/A                    | Complied |
| Grade 8      |                                   |  | 62,229                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

|  |                   |
|--|-------------------|
| <b>FUND BALANCE</b>                                    |                   |
| Balance, June 30, 2015, Unaudited Actuals              | \$ 485,437        |
| Increase in:   |                   |
| Accounts payables                                      | (1,482)           |
| Decrease in:   |                   |
| Intra-company payable                                  | <u>2,554</u>      |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 486,509</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 6  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

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 Magnolia Science Academy 6 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



**Compliance and Other Matters**

**DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Academy in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 6  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

### Report on State Compliance

We have audited Magnolia Science Academy 6's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | Yes                         |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study and Determination of Funding for Non Classroom-Based Instruction.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 6**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



**DRAFT 12/09/2015**

Governing Board  
Magnolia Science Academy 6  
(A California Nonprofit Public Benefit Corporation)  
Los Angeles, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 6, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Academy.

**Cash Collections - MSA 6**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board of Directors  
Magnolia Science Academy 7  
(A California Non-Profit Public Benefit Corporation)  
Northridge, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 7 (the Charter School) (A California Non-Profit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

---

**ASSETS**

Current Assets:

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 924,010       |
| Accounts receivable       | 502,994          |
| Intra-company receivable  | 133,118          |
| Total Current Assets      | <u>1,560,122</u> |

Non-Current Assets

|                                |                            |
|--------------------------------|----------------------------|
| Debt issue cost, net           |                            |
| Security deposits              | 4,000                      |
| Fixed assets                   | 110,112                    |
| Less: accumulated depreciation | <u>59,072</u>              |
| Total Non-Current Assets       | <u>55,040</u>              |
| Total Assets                   | <u><u>\$ 1,615,162</u></u> |

**LIABILITIES**

Current Liabilities:

|                               |                   |
|-------------------------------|-------------------|
| Accounts payable and accruals | <u>\$ 764,560</u> |
| Total Current Liabilities     | <u>764,560</u>    |

**NET ASSETS**

|                                     |                            |
|-------------------------------------|----------------------------|
| Unrestricted                        | <u>850,602</u>             |
| Total Net Assets                    | <u>850,602</u>             |
| Total Liabilities and<br>Net Assets | <u><u>\$ 1,615,162</u></u> |

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

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

---

**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 2,049,711     |
| Federal revenue      | 249,512          |
| Other State revenue  | 618,969          |
| Local revenue        | 60,292           |
| Total Revenues       | <u>2,978,484</u> |

**EXPENSES**

Program services:

|                        |           |
|------------------------|-----------|
| Salaries and benefits  | 1,344,404 |
| Student services       | 166,133   |
| Materials and supplies | 135,999   |
| Student nutrition      | 139,482   |
| Other expenses         | 58,525    |

|          |                  |
|----------|------------------|
| Subtotal | <u>1,844,543</u> |
|----------|------------------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 25,417  |
| Management fee     | 450,015 |
| Occupancy          | 228,598 |
| Operating expenses | 177,687 |
| Interest           | 135     |

|          |                |
|----------|----------------|
| Subtotal | <u>881,852</u> |
|----------|----------------|

|                |                  |
|----------------|------------------|
| Total Expenses | <u>2,726,395</u> |
|----------------|------------------|

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

|                   |
|-------------------|
| 252,089           |
| <u>598,513</u>    |
| <u>\$ 850,602</u> |

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

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| <b>Change in unrestricted net assets</b>  | \$ 252,089     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Depreciation expense  | 25,417         |
| Changes in operating assets and liabilities:  |                |
| (Increase) Decrease in assets   |                |
| Accounts receivable   | (19,707)       |
| Prepaid expenses and other current assets   | 20,259         |
| Increase in liabilities   |                |
| Accounts payable and accruals   | 583,513        |
| Net Cash Provided by Operating Activities   | <u>728,453</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                      |                 |
|----------------------|-----------------|
| Capital expenditures | <u>(33,706)</u> |
|----------------------|-----------------|

**CHANGE IN CASH**

|   |                          |
|---|--------------------------|
|   | <u>694,747</u>           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>229,263</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u><u>\$ 924,010</u></u> |

**Supplemental cash flow disclosure:**

|  |                      |
|--|----------------------|
| Cash paid during the period for interest | <u><u>\$ 135</u></u> |
|--|----------------------|

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

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy 7**

Charter school number authorized by the State: 0989

Magnolia Science Academy 7 (Charter School) is a charter school located in Northridge, California that provides kindergarten through sixth grade education to approximately 300 students. The Charter School was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. Los Angeles Unified School District approved the charter on February 26, 2008, and renewed the charter agreement in 2014 for a period of five years ending in 2019. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**MPM Sherman Way, LLC**

The Foundation has the following consolidated affiliates (where the Foundation is the sole member) that were formed to provide assistance with funding capital improvement on behalf of the Foundation's activities. MPM Sherman Way LLC, a California limited liability company.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 12 to the financial statements.



**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets, as of June 30, 2015. In addition, the Charter School is required to present a Statement of Cash Flows.

**Accounting Method - Basis of Accounting**

The financial statements were prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, Not-for-Profit Organizations accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School are a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The Charter School have adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School' policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over 3 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$25,417.

**Deferred Revenue**

Deferred revenue arises when resources are received by the Charter School prior to the incurrence of qualifying expenditures. In subsequent periods, when the obligation in which the resources were received are met, or when the Charter School have a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and revenue is recognized.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School' program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**Net Asset Classes**

Magnolia Science Academy 7 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 the Magnolia Science Academy 7 consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**MAGNOLIA SCIENCE ACADEMY 7**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|              | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|--------------|----------------------------|-------------------------|
| Deposits     |                            |                         |
| Cash on hand | <u>\$ 924,010</u>          | <u>\$ 1,033,970</u>     |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$1,007,378 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 324,936        |
| Federal receivable            | 12,382            |
| State receivable              | 57,924            |
| Lottery                       | 11,817            |
| Local receivable              | 95,935            |
| Total Accounts Receivable     | <u>\$ 502,994</u> |

**NOTE 5 - INTRA-COMPANY RECEIVABLE**

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$133,118 from the Foundation.

**MAGNOLIA SCIENCE ACADEMY 7**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 6 - PREPAID EXPENSES***

Prepaid expenses at June 30, 2015, consisted of the following:

|                   |                 |
|-------------------|-----------------|
| Security deposits | <u>\$ 4,000</u> |
|-------------------|-----------------|

***NOTE 7 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                  |
|--------------------------------|------------------|
| Building improvements          | \$ 27,904        |
| Computer and equipment         | <u>82,208</u>    |
| Subtotal                       | 110,112          |
| Less: accumulated depreciation | <u>(59,072)</u>  |
| Total Fixed Assets             | <u>\$ 51,040</u> |

During the year ended June 30, 2015, \$25,417 was charged to depreciation expense.

***NOTE 8 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                        |                   |
|------------------------|-------------------|
| Vendor payables        | \$ 30,709         |
| Due to grantor         | <u>733,851</u>    |
| Total Accounts Payable | <u>\$ 764,560</u> |

**MAGNOLIA SCIENCE ACADEMY 7**  
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**NOTES TO FINANCIAL STATEMENTS**  
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***NOTE 9 - OPERATING LEASES***

The Charter School leases its facilities in Northridge, California, under an operating lease commencing January 1, 2012 and terminating on July 31, 2017, with a monthly payment of \$19,096. Total rent and maintenance expense during the year ended June 30, 2015, was \$228,598.

The future minimum lease commitments are as follows:

| <b>MSA 7</b>       |                |
|--------------------|----------------|
| <u>Fiscal Year</u> | <u>Payment</u> |
| 2016               | \$ 235,456     |
| 2017               | 242,520        |

***NOTE 10 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal year ended June 30, 2015, were \$450,015.

***NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

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**NOTES TO FINANCIAL STATEMENTS**  
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The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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, 2014, total actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$65,818

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.



**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
| Hire date   | December 31, 2012                     | January 1, 2013    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$8,442.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Academies. These payments consist of State General Fund contributions to CalSTRS in the amount of \$33,813 (5.679 percent of the Charter School' 2012-2013 creditable compensation subject to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

***NOTE 12 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School are a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between The Charter School and the CharterSAFE is such that the CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

The CharterSAFE has budgeting and financial reporting requirements independent of member units and the CharterSAFE's financial statements are not presented in these financial statements; however, transactions between the CharterSAFE and the Charter School are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$24,838 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to the CharterSAFE.

***NOTE 13 - CONTINGENCIES***

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. As of September 2015, the Office of Internal Investigation has started a review of prior year activity. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**Litigation**

Magnolia Science Academy 7 has no outstanding claims or litigation.

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 14 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program                         | CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Program<br>Expenditures |
|---|----------------|---|-------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                     |                |   |                         |
| Passed through California Department of Education (CDE):                |                |   |                         |
| Individuals with Disabilities Act (IDEA)                                |                |   |                         |
| Special Education (IDEA) Cluster:                                       |                |   |                         |
| Basic Local Assistance Entitlement, Part B, Section 611                 | 84.027         | 13379   | \$ 103,140              |
| No Child Left Behind Act (NCLB)   |                |   |                         |
| Title I, Part A, Basic Grants Low Income and Neglected                  | 84.010         | 14981   | 196,858                 |
| Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program | 84.330         | 14831   |                         |
| Title II, Part A, Improving Teacher Quality Local Grants                | 84.367         | 14341   | 1,898                   |
| Title III Cluster:  |                |   |                         |
| Title III, Immigrant Education Program                                  | 84.365         | 15146   | 1,490                   |
| Title III, Limited English Proficient (LEP) Student Program             | 84.365         | 14346   | 11,846                  |
| Total Title III Cluster   |                |   | <u>13,336</u>           |
| Total U.S. Department of Education                                      |                |   | <u>315,232</u>          |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                   |                |   |                         |
| Passed through California Department of Education (CDE):                |                |   |                         |
| Child Nutrition Cluster:  |                |   |                         |
| Especially Needy Breakfast  | 10.553         | 13526   | 103,769                 |
| National School Lunch Program   | 10.555         | 13524   | 181,268                 |
| Total Child Nutrition Cluster   |                |   | <u>285,037</u>          |
| Total U.S. Department of Agriculture                                    |                |   | <u>285,037</u>          |
| Total Federal Programs  |                |   | <u>\$ 600,269</u>       |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy 7 (Charter Number 0989) was granted on February 26, 2008, by the Los Angeles Unified School District. The Charter School operates one school, grades kindergarten through six.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 7**  
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**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|   | Final Report            |                  |
|---|-------------------------|------------------|
|   | Second Period<br>Report | Annual<br>Report |
| Regular ADA                             |                         |                  |
| Transitional kindergarten through third | 201.42                  | 200.21           |
| Fourth through sixth                    | 79.98                   | 79.85            |
| Total Regular ADA                       | <u>281.40</u>           | <u>280.06</u>    |
| Classroom based ADA                     |                         |                  |
| Transitional kindergarten through third | 201.42                  | 200.21           |
| Fourth through sixth                    | 79.98                   | 79.85            |
| Total Classroom based ADA               | <u>281.40</u>           | <u>280.06</u>    |

The Charter School did not operate a non-classroom based Instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 7**  
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**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level  | 1986-87                | Reduced<br>1986-87     | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|--------------|------------------------|------------------------|------------------------------|-------------------------|------------------------|----------|
|              | Minutes<br>Requirement | Minutes<br>Requirement |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Kindergarten | 36,000                 | 34,971                 | 69,195                       | 179                     | N/A                    | Complied |
| Grades 1 - 3 | 50,400                 | 48,960                 |                              |                         |                        |          |
| Grade 1      |                        |                        | 62,475                       | 179                     | N/A                    | Complied |
| Grade 2      |                        |                        | 62,475                       | 179                     | N/A                    | Complied |
| Grade 3      |                        |                        | 62,475                       | 179                     | N/A                    | Complied |
| Grades 4 - 6 | 54,000                 | 52,457                 |                              |                         |                        |          |
| Grade 4      |                        |                        | 62,475                       | 176                     | N/A                    | Complied |
| Grade 5      |                        |                        | 62,475                       | 176                     | N/A                    | Complied |

See accompanying note to supplementary information.



**MAGNOLIA SCIENCE ACADEMY 7**  
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**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

|  |                   |
|--|-------------------|
| FUND BALANCE   |                   |
| Balance, June 30, 2015, Unaudited Actuals              | \$ 762,024        |
| Increase in:   |                   |
| Accounts receivable                                    | 11,543            |
| Decrease in:   |                   |
| Cash   | (1,679)           |
| Accounts payable                                       | 4,490             |
| Accumulated depreciation                               | (7,818)           |
| Prepaid expenses and other current assets              | (4,000)           |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 764,560</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Local Education Agency Organization Structure**

This schedule provides information about the schools operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to Magnolia Science Academy 7.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

The Charter School must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

DRAFT 12/09/2015

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy 7  
(A California Nonprofit Public Benefit Corporation)  
Northridge, California

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 Magnolia Science Academy 7 (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**DRAFT 12/09/2015**

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Academy in a separate letter dated \_\_\_\_\_, 2015.

## **Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy 7  
(A California Nonprofit Public Benefit Corporation)  
Northridge, California

### Report on State Compliance

We have audited Magnolia Science Academy 7's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | Yes                         |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**DRAFT 12/09/2015**

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY 7**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
Magnolia Science Academy 7  
(A California Nonprofit Public Benefit Corporation)  
Van Nuys, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 7, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

**Cash Collections - MSA 7**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis.

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy Bell  
(A California Non-Profit Public Benefit Corporation)  
Bell, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Bell (the Charter School) (A California Non-Profit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015



DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 2,421,557        |
| Accounts receivable       | 422,414             |
| Intra-company receivable  | 148,920             |
| Total Current Assets      | <u>\$ 2,992,891</u> |

Non-Current Assets

|                                |                     |
|--------------------------------|---------------------|
| Fixed assets                   | 39,399              |
| Less: accumulated depreciation | 17,417              |
| Total Non-Current Assets       | <u>21,982</u>       |
| Total Assets                   | <u>\$ 3,014,873</u> |

**LIABILITIES**

Current Liabilities:

|                               |                |
|-------------------------------|----------------|
| Accounts payable and accruals | \$ 182,680     |
| Total Current Liabilities     | <u>182,680</u> |

**NET ASSETS**

|                                     |                     |
|-------------------------------------|---------------------|
| Unrestricted                        | <u>2,832,193</u>    |
| Total Net Assets                    | <u>2,832,193</u>    |
| Total Liabilities and<br>Net Assets | <u>\$ 3,014,873</u> |

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

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 3,611,558     |
| Federal revenue      | 298,515          |
| Other State revenue  | 637,876          |
| Local revenue        | 60,207           |
| Total Revenues       | <u>4,608,156</u> |

**EXPENSES**

Program services:

|                        |                  |
|------------------------|------------------|
| Salaries and benefits  | 2,591,882        |
| Student services       | 243,914          |
| Materials and supplies | 139,340          |
| Student nutrition      | 183,583          |
| Other expenses         | 52,716           |
| Subtotal               | <u>3,211,435</u> |

Management and general:

|                    |                  |
|--------------------|------------------|
| Depreciation       | 6,659            |
| Management fee     | 872,216          |
| Operating expenses | 573,111          |
| Subtotal           | <u>1,451,986</u> |
| Total Expenses     | <u>4,663,421</u> |

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

|                     |
|---------------------|
| <u>(55,265)</u>     |
| <u>2,887,458</u>    |
| <u>\$ 2,832,193</u> |

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

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| <b>Change in unrestricted net assets</b>  | \$ (55,265)    |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                |
| Depreciation expense  | 6,659          |
| Changes in operating assets and liabilities:  |                |
| (Increase) Decrease in assets   |                |
| Accounts receivable   | 194,561        |
| Intra-company receivable  | 719,561        |
| Prepaid expenses and other current assets   | 101,566        |
| Increase (Decrease) in liabilities  |                |
| Accounts payable and accruals   | <u>22,644</u>  |
| Net Cash Used by Operating Activities   | <u>989,726</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                |
|---|----------------|
| Capital expenditures                    | <u>(7,441)</u> |
| Net Cash (Used) by Investing Activities | <u>(7,441)</u> |

|   |                     |
|---|---------------------|
| <b>NET DECREASE IN CASH</b>                         | <u>982,285</u>      |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>1,439,272</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u>\$ 2,421,557</u> |

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

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy Bell**

Charter school number authorized by the State: 1236

Magnolia Science Academy-8 (School) is a charter school located in Bell, California that provides sixth through eighth grade education to approximately 495 students. The Charter School was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 12 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$6,354.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                | <u>Reported<br/>Amount</u> | <u>Fair Market<br/>Value</u> |
|----------------|----------------------------|------------------------------|
| Cash in county | <u>\$ 2,421,557</u>        | <u>\$ 2,454,728</u>          |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$2,391,596 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.



**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 4 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                         |
|-------------------------------|-------------------------|
| Local Control Funding Formula | \$ 359,620              |
| Federal receivable            | 8,490                   |
| State receivable              | 22,546                  |
| Lottery                       | <u>31,758</u>           |
| Total Accounts Receivable     | <u><u>\$ 62,794</u></u> |

***NOTE 5 - INTRA-COMPANY RECEIVABLE***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$148,920 from the Foundation.

***NOTE 6 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                         |
|--------------------------------|-------------------------|
| Software and equipment         | \$ 39,399               |
| Less: accumulated depreciation | <u>(17,417)</u>         |
| Total Fixed Assets             | <u><u>\$ 21,982</u></u> |

During the year ended June 30, 2015, \$6,659 was charged to depreciation expense.

**MAGNOLIA SCIENCE ACADEMY BELL**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                        |                          |
|------------------------|--------------------------|
| Payroll and benefits   | \$ 33,965                |
| Vendor payables        | 89,408                   |
| Due to LAUSD           | <u>59,307</u>            |
| Total Accounts Payable | <u><u>\$ 182,680</u></u> |

***NOTE 8 - FACILITIES USE AGREEMENT***

The Charter School renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$207,553.

Future payments are as follows:

|                    |                          |
|--------------------|--------------------------|
| <u>Fiscal Year</u> | <u>Payments</u>          |
| 2016               | <u><u>\$ 207,553</u></u> |

***NOTE 9 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal year ended June 30, 2015, were \$872,216.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

**MAGNOLIA SCIENCE ACADEMY BELL**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   | 2% at 60                            | 2% at 62           |
| Benefit formula   | 5 Years of Service                  | 5 Years of Service |
| Benefit vesting schedule                                  | Monthly for Life                    | Monthly for Life   |
| Benefit payments  | 60                                  | 62                 |
| Retirement age  | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Monthly benefits as a percentage of eligible compensation | 8.15%                               | 8.15%              |
| Required employee contribution rate                       | 8.88%                               | 8.88%              |
| Required employer contribution rate                       | 5.95%                               | 5.95%              |
| Required State contribution rate                          |                                     |                    |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$133,110.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   | December 31, 2012                     | January 1, 2013    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$20,475.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$79,809 (5.679 percent of the Charter School's 2011-2012 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 11 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 12 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and the CharterSAFE is such that the CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

The CharterSAFE has budgeting and financial reporting requirements independent of member units and the CharterSAFE's financial statements are not presented in these financial statements; however, transactions between the CharterSAFE and the Charter School are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$45,617 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to the CharterSAFE.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 13 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy Bell (Charter Number 1236) was granted on June 15, 2010, by the Los Angeles Unified School District. The Charter School operates one school, grades six through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY BELL  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                      |
|---------------------------|-------------------------|----------------------|
|                           | Second Period<br>Report | Annual<br>Report     |
| Regular ADA               |                         |                      |
| Sixth                     | 145.16                  | 144.58               |
| Seventh and eighth        | <u>330.68</u>           | <u>329.74</u>        |
| Total Regular ADA         | <u><u>475.84</u></u>    | <u><u>474.32</u></u> |
| Classroom based ADA       |                         |                      |
| Sixth                     | 145.16                  | 144.58               |
| Seventh and eighth        | <u>330.68</u>           | <u>329.74</u>        |
| Total Classroom based ADA | <u><u>475.84</u></u>    | <u><u>474.32</u></u> |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level  | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|--------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|              |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8 | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6      |                                   |  | 69,315                       | 179                     | N/A                    | Complied |
| Grade 7      |                                   |  | 69,315                       | 179                     | N/A                    | Complied |
| Grade 8      |                                   |  | 69,315                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**FUND BALANCE**

|  |                     |
|--|---------------------|
| Balance, June 30, 2015, Unaudited Actuals              | \$ 2,896,467        |
| Increase in:   |                     |
| Accounts payable                                       | (995)               |
| Fixed Assets   | (304)               |
| Decrease in:   |                     |
| Accounts receivable                                    | <u>(7,710)</u>      |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 2,887,458</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY BELL  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to Magnolia Science Academy Bell.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

DRAFT 12/09/2015

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy Bell  
(A California Non-Profit Public Benefit Corporation)  
Westminster, California

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 Magnolia Science Academy Bell (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters****DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Academy in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015



DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy Bell  
(A California Non-Profit Public Benefit Corporation)  
Bell, California

### Report on State Compliance

We have audited Magnolia Science Academy Bell's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY BELL  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY BELL**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
 Magnolia Science Academy Bell  
 (A California Non-Profit Public Benefit Corporation)  
 Bell, California

In planning and performing our audit of the financial statements of Magnolia Science Academy Bell, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Academy.

### **Cash Collections - MSA 8**

#### *Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were three stale-dated checks totaling \$2,503.
3. Teachers collecting funds at the charter school do not use triplicate, pre-numbered receipts, logs, tally sheets or any sort of adequate cash collection backup. Additionally, cash count sheets are not consistently being signed by a reviewer.

#### *Recommendations*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".
3. It is recommended that the charter school use triplicate, pre-numbered, receipt books. Tally sheets may also be used as the cash receipt control procedure, two people should be involved: one person to make a mark on the tally sheet when an item is sold and issue the goods and another person to collect the cash. When impractical to use pre-numbered receipts due to high volume of collections for small amounts of cash collected, it is recommended that the individual collecting funds use a class roster or a log in lieu of triplicate, pre-numbered receipts. Documents mentioned are provided to the front office along with funds received.



Governing Board  
Magnolia Science Academy Bell

**DRAFT 12/09/2015**

*Corrective Action Plans*

1. MERF confirmed that the months tested related to a transition period in which review of bank reconciliations was not being performed.
2. The stale-dated checks will be written off and a procedure has been implemented to review in future checks outstanding.
3. The school sites are responsible for keeping proper supporting documentation for the collection of money. MERF will be reviewing procedures with all principals to enhance the verification of deposits and will be tested periodically to double-check the collections.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy Santa Ana  
(A California Nonprofit Public Benefit Corporation)  
Santa Ana, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Santa Ana (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**DRAFT 12/09/2015**

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY SANTA ANA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

---

**ASSETS**

Current Assets:

|   |                  |
|---|------------------|
| Cash and cash equivalents                 | \$ 140,106       |
| Restricted assets                         |                  |
| Cash held for restricted purposes         | 432,732          |
| Accounts receivable                       | 578,641          |
| Prepaid expenses and other current assets | 19,000           |
| Total Current Assets                      | <u>1,170,479</u> |

Non-Current Assets:

|                                |                     |
|--------------------------------|---------------------|
| Security deposits              | 27,000              |
| Fixed assets                   | 3,788,424           |
| Less: accumulated depreciation | 94,867              |
| Total Non-Current Assets       | <u>3,720,557</u>    |
| Total Assets                   | <u>\$ 4,891,036</u> |

**LIABILITIES**

Current Liabilities:

|  |                |
|--|----------------|
| Accounts payable and accruals            | \$ 71,456      |
| Intra-company payable                    | 330,000        |
| Deferred revenue                         | 354,000        |
| Current portion of long-term obligations | 25,000         |
| Total Current Liabilities                | <u>780,456</u> |

Long-Term Obligations:

|  |                  |
|--|------------------|
| Non-current portion of long-term obligations | 2,090,702        |
| Total Liabilities                            | <u>2,871,158</u> |

**NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| Unrestricted                     | 1,587,146           |
| Unrestricted -Designated         | 432,732             |
| Total Net Assets                 | <u>2,019,878</u>    |
| Total Liabilities and Net Assets | <u>\$ 4,891,036</u> |

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

**MAGNOLIA SCIENCE ACADEMY SANTA ANA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 1,155,757     |
| Federal revenue      | 89,864           |
| Other State revenue  | 210,696          |
| Local revenue        | 29,745           |
| Total Revenues       | <u>1,486,062</u> |

**EXPENSES**

Program services:

|                        |         |
|------------------------|---------|
| Salaries and benefits  | 993,530 |
| Student services       | 231,343 |
| Materials and supplies | 27,013  |
| Student nutrition      | 37,922  |
| Other expenses         | 9,483   |

|          |                  |
|----------|------------------|
| Subtotal | <u>1,299,291</u> |
|----------|------------------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 24,823  |
| Occupancy          | 206,499 |
| Operating expenses | 182,749 |
| Debt service       | 460     |

|          |                |
|----------|----------------|
| Subtotal | <u>414,531</u> |
|----------|----------------|

|                |                  |
|----------------|------------------|
| Total Expenses | <u>1,713,822</u> |
|----------------|------------------|

|  |                     |
|--|---------------------|
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b> | <u>(227,760)</u>    |
| <b>NET ASSETS, BEGINNING OF YEAR</b>     | <u>2,247,638</u>    |
| <b>NET ASSETS, END OF YEAR</b>           | <u>\$ 2,019,878</u> |

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

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |               |
|---|---------------|
| <b>Change in unrestricted net assets</b>  | \$ (227,760)  |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |               |
| Depreciation expense  | 24,823        |
| Changes in operating assets and liabilities:  |               |
| Decrease in assets  |               |
| Accounts receivable   | (334,028)     |
| Prepaid expenses and other current assets   | (19,000)      |
| Security deposits   | (17,922)      |
| Increase in liabilities   |               |
| Accounts payable and accruals   | (37,497)      |
| Intra-company payable   | 330,000       |
| Deferred revenue  | 354,000       |
| Net Cash Provided by Operating Activities   | <u>72,616</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                      |                  |
|----------------------|------------------|
| Capital expenditures | <u>(302,828)</u> |
|----------------------|------------------|

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                         |                 |
|-------------------------|-----------------|
| Loan principal payments | <u>(24,996)</u> |
|-------------------------|-----------------|

|   |                          |
|---|--------------------------|
| <b>NET DECREASE IN CASH</b>                         | <u>(255,208)</u>         |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>828,046</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u><u>\$ 572,838</u></u> |

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



**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy Santa Ana**

Charter school number authorized by the State: 0943

Magnolia Science Academy Santa Ana (School) (Formerly Pacific Technology School Santa Ana) is a charter school located in Costa Mesa, California that provides sixth through twelfth grade education to approximately 165 students. The Charter School was created under the approval the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 15 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$24,892.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**Net Asset Classes**

Magnolia Science Academy Santa Ana (Formerly Pacific Technology School Santa Ana) 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 the Magnolia Science Academy Santa Ana (Formerly Pacific Technology School Santa Ana) consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. The grant portion of the Charter School Facilities Program is classified as designated net assets until the fund is used for the purchase of the land and the construction of the facility. As of June 30, 2015, the amount of designated net assets was \$432,732.

**Intra-company Receivable/Payable**

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to the Charter School and reimbursement for those resources.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 71,428</u>           | <u>\$ 130,232</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$126,882 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**NOTE 4 - RESTRICTED CASH**

Restricted cash arises from conditions required by the various financing arrangements. Financial statement classification is based on whether the restricted cash is held to satisfy current or long-term obligations. Restricted cash at June 30, 2015, was comprised of the following:

|                         |                   |
|-------------------------|-------------------|
| Current restricted cash | <u>\$ 432,732</u> |
|-------------------------|-------------------|

**NOTE 5 - INVESTMENTS**

**Summary of Investments**

Investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

| <u>Investment Type</u>                 | <u>Reported<br/>Amount</u> | <u>Fair Market<br/>Value</u> |
|--|----------------------------|------------------------------|
| Orange County Treasury Investment Pool | <u>\$ 68,678</u>           | <u>\$ 68,550</u>             |

Deposits with county treasurer are an external investment pool sponsored by the County of Orange. County deposits are not required to be categorized. The pool provided the fair value for these deposits.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School manages its exposure to interest rate risk by investing in the County Pool.

***NOTE 6- MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

The Charter School determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. The Charter School did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015.

| Investment Type               | Level | Fair Value | Weighted Average Maturity in Days |
|-------------------------------|-------|------------|-----------------------------------|
| Orange County Investment Pool | 2     | \$ 68,550  | 278                               |

**NOTE 7 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |            |
|-------------------------------|------------|
| Local Control Funding Formula | \$ 208,605 |
| Federal receivable            | 383,721    |
| State receivable              | 54,993     |
| Total Accounts Receivable     | \$ 647,319 |

**NOTE 8 - FIXED ASSETS**

Fixed assets at June 30, 2015, consisted of the following:

|                                |              |
|--------------------------------|--------------|
| Construction in progress       | \$ 3,652,414 |
| Software and equipment         | 136,010      |
| Subtotal                       | 3,788,424    |
| Less: accumulated depreciation | (94,867)     |
| Total Fixed Assets             | \$ 3,693,557 |

During the year ended June 30, 2015, \$24,892 was charged to depreciation expense.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**NOTE 9 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

|                        |                         |
|------------------------|-------------------------|
| Payroll and benefits   | \$ 9,219                |
| Vendor payables        | <u>62,237</u>           |
| Total Accounts Payable | <u><u>\$ 71,456</u></u> |

**NOTE 10- LOANS PAYABLE**

**California Department of Education**

The Charter School received unsecured revolving loan payable to the California Department of Education totaling \$150,000 on November 30, 2012. The loan balance as of June 30, 2015, was \$75,000. The loan has an interest rate of 0.53 percent and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on October 30, 2013. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments.

Future payments are as follows:

| Fiscal Year Ending | Payments                |
|--------------------|-------------------------|
| <u>June 30,</u>    |                         |
| 2016               | \$ 25,000               |
| 2017               | 25,000                  |
| 2018               | <u>25,000</u>           |
| Total              | <u><u>\$ 75,000</u></u> |

**Charter School Facilities Program**

The Charter School has been approved by the State of California's Charter School Facilities Program for \$17,413,956 for constructing a new facility which will cost the same amount. The State will fund 50 percent of the total amount of \$17,413,956; the State will fund 50 percent of the total project cost through a loan in the amount of \$8,706,978 and the other 50 percent through a grant in the amount of \$8,706,978. The loan has an annual interest rate of 3.00 percent and it matures 30 years after the completion of the project. The outstanding loan balance as of June 30, 2015, was \$2,015,698.



**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 11 - OPERATING LEASE***

School leases its facilities in Costa Mesa, California, under an operating lease, which commenced August 1, 2014. The lease is for a five-year term ending June 30, 2019, with monthly payments of \$19,000. Total rent expense during the year ended June 30, 2015, was \$206,499.

Future payments are as follows:

| Year Ending<br>June 30, | Facility<br>Lease<br>Payments |
|-------------------------|-------------------------------|
| <u>2016</u>             | <u>\$ 228,000</u>             |

***NOTE 12 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. There were no management fees paid to the Foundation for the year ended June 30, 2015.

***Intra-Company Payable***

During 2014-2015, the board authorized a loan between Home Office to the Charter School for temporary financial hardship. As of June 30, 2015, the balance outstanding is \$330,000. Future repayment of \$27,500 will be made monthly over the next twelve months ending June 30, 2016.

***Intra-Company Receivable***

The June 30, 2015, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to the Charter School and reimbursement for those resources from the Charter School to the Foundation, and cash transfers for cash flow purposes. The Charter School and the Foundation are related because they are the same legal entity; share the same tax identification number, governed by the same board of directors and share key management personnel. At June 30, 2015, the Charter School had an intra-company receivable balance of \$19,000 from the Foundation.

***NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$36,202.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
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**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   |                                       |                    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$3,585.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$494,654 (5.679 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 14 - CONTINGENCIES***

The Charter School 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, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 15 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$16,646 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 16 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy Santa Ana (Charter Number 1686) was granted on August 1, 2014, by the California State Board of Education. The Charter School operates one school, grades six through twelve.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.



**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report            |                  |
|---------------------------|-------------------------|------------------|
|                           | Second Period<br>Report | Annual<br>Report |
| Regular ADA               |                         |                  |
| Sixth                     | 27.70                   | 27.66            |
| Seventh and eighth        | 85.84                   | 85.01            |
| Ninth through twelfth     | 43.57                   | 43.30            |
| Total Regular ADA         | <u>157.11</u>           | <u>155.97</u>    |
| Classroom based ADA       |                         |                  |
| Sixth                     | 27.70                   | 27.66            |
| Seventh and eighth        | 85.84                   | 85.01            |
| Ninth through twelfth     | 43.57                   | 43.30            |
| Total Classroom based ADA | <u>157.11</u>           | <u>155.97</u>    |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|               |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8  | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6       |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grade 7       |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grade 8       |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                            | 62,949                                       |                              |                         |                        |          |
| Grade 9       |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grade 10      |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grade 11      |                                   |  | 65,286                       | 179                     | N/A                    | Complied |
| Grade 12      |                                   |  | 65,286                       | 179                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

|  |                     |
|--|---------------------|
| FUND BALANCE   |                     |
| Balance, June 30, 2015, Unaudited Actuals              | \$ 2,297,014        |
| Increase in:   |                     |
| Cash   | 68,679              |
| Deferred revenue                                       | (354,000)           |
| Decrease in:   |                     |
| Accounts payable and accrued payroll                   | 82,757              |
| Accounts receivable                                    | (68,641)            |
| Fixed Assets   | <u>(5,931)</u>      |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 2,019,878</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of Education Code Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Orange County Office of Education to Magnolia Science Academy Santa Ana.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy Santa Ana  
(A California Nonprofit Public Benefit Corporation)  
Santa Ana, California

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 Magnolia Science Academy Santa Ana (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters****DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy Santa Ana  
(A California Nonprofit Public Benefit Corporation)  
Santa Ana, California

### Report on State Compliance

We have audited Magnolia Science Academy Santa Ana's (the Charter School) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.



**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter School did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SANTA ANA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
 Magnolia Science Academy Santa Ana  
 (A California Nonprofit Public Benefit Corporation)  
 Santa Ana, California

In planning and performing our audit of the financial statements of Magnolia Science Academy Santa Ana, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

#### **Cash Collections - MSA SA**

##### *Observations*

1. Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.
2. Stale-dated checks were noted during the interim audit. As of June 30, 2015, there were two stale-dated checks totaling \$361.

##### *Recommendations*

1. It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis
2. Stale-dated checks should be written-off six months after issuance. It was noted on the date of checks issued that checks are "void 180 days from check date".

##### *Corrective Action Plans*

1. A new process has been implemented with the third-party back office provider to prepare all reconciliation for managements review and signatures.
2. The stale-dated checks will be written off and a procedure has been implemented to review future checks outstanding.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
 \_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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**JUNE 30, 2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy Santa Clara  
(A California Nonprofit Public Benefit Corporation)  
Santa Clara, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Santa Clara (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|   |                |
|---|----------------|
| Cash and cash equivalents                 | \$ 170,245     |
| Accounts receivable                       | 816,594        |
| Prepaid expenses and other current assets | 2,854          |
| Total Current Assets                      | <u>989,693</u> |

Non-Current Assets:

|                                |                     |
|--------------------------------|---------------------|
| Security deposits              | 39,001              |
| Fixed assets                   | 250,536             |
| Less: accumulated depreciation | 81,587              |
| Total Non-Current Assets       | <u>207,950</u>      |
| Total Assets                   | <u>\$ 1,197,643</u> |

**LIABILITIES**

Current Liabilities:

|  |                |
|--|----------------|
| Accounts payable and accruals            | \$ 232,517     |
| Intra-company payable                    | 380,000        |
| Current portion of long-term obligations | 57,726         |
| Total Current Liabilities                | <u>670,243</u> |

Long-Term Obligations:

|  |                |
|--|----------------|
| Non-current portion of long-term obligations | 28,863         |
| Total Liabilities                            | <u>699,106</u> |

**NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| Unrestricted                     | 498,537             |
| Total Liabilities and Net Assets | <u>\$ 1,197,643</u> |

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

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 3,084,298     |
| Federal revenue      | 57,606           |
| Other State revenue  | 130,109          |
| Local revenue        | <u>76,909</u>    |
| Total Revenues       | <u>3,348,922</u> |

**EXPENSES**

Program services:

|                        |                  |
|------------------------|------------------|
| Salaries and benefits  | 2,077,763        |
| Student services       | 54,889           |
| Materials and supplies | 46,113           |
| Student nutrition      | 22,710           |
| Other expenses         | <u>31,759</u>    |
| Subtotal               | <u>2,233,234</u> |

Management and general:

|                    |                  |
|--------------------|------------------|
| Depreciation       | 11,496           |
| Management fee     | 198,742          |
| Occupancy          | 500,138          |
| Operating expenses | 273,575          |
| Debt service       | <u>125</u>       |
| Subtotal           | <u>984,076</u>   |
| Total Expenses     | <u>3,217,310</u> |

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

|                   |
|-------------------|
| <u>131,612</u>    |
| <u>366,925</u>    |
| <u>\$ 498,537</u> |

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

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| <b>Change in unrestricted net assets</b>   | \$ 131,612       |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                  |
| Depreciation expense   | 11,496           |
| Changes in operating assets and liabilities:   |                  |
| (Increase) Decrease in assets  |                  |
| Accounts receivable  | (397,811)        |
| Prepaid expenses and other current assets  | (2,854)          |
| Security deposits  | (1,650)          |
| Increase (Decrease) in liabilities   |                  |
| Accounts payable and accruals  | (71,651)         |
| Intra-company payable  | 380,000          |
| Deferred revenue   | (182,667)        |
| Net Cash Provided (Used) by Operating Activities   | <u>(133,525)</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                      |                 |
|----------------------|-----------------|
| Capital expenditures | <u>(85,062)</u> |
|----------------------|-----------------|

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                    |               |
|--------------------|---------------|
| Loan proceeds, net | <u>86,589</u> |
|--------------------|---------------|

|   |                          |
|---|--------------------------|
| <b>CHANGE IN CASH</b>                               | <u>(131,998)</u>         |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> | <u>302,243</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>       | <u><u>\$ 170,245</u></u> |

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

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

Magnolia Science Academy Santa Clara (the Charter School) is a charter school located in Santa Clara, California that provides fourth through ninth grade education to approximately 492 students. The Charter School was created under the approval of the California State Board of Education, and receives public per-pupil funding to help support their operation. The Charter School is economically dependent on Federal and State funding.

**Related Entity**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 13 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.



**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$11,496.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**Net Asset Classes**

Magnolia Science Academy - Santa Clara 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 the Magnolia Science Academy - Santa Clara consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the school.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2015, the Charter School has no designation balance.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 - CASH**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 170,245</u>          | <u>\$ 203,017</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2015, the Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$197,796 in excess of insured limits.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 510,808        |
| Federal receivable            | 5,359             |
| Lottery                       | 41,673            |
| Local receivable              | <u>258,754</u>    |
| Total Accounts Receivable     | <u>\$ 816,594</u> |

**NOTE 5 - PREPAID EXPENSES**

Prepaid expenses at June 30, 2015, consisted of the following:

|  |                 |
|--|-----------------|
| Prepaid rent, insurance, and miscellaneous vendors | <u>\$ 2,854</u> |
|--|-----------------|

**MAGNOLIA SCIENCE ACADMEY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 - FIXED ASSETS**

Fixed assets at June 30, 2015, consisted of the following:

|                                |                   |
|--------------------------------|-------------------|
| Software and equipment         | \$ 250,536        |
| Less: accumulated depreciation | (81,587)          |
| Total Fixed Assets             | <u>\$ 168,949</u> |

During the year ended June 30, 2015, \$11,946 was charged to depreciation expense.

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

|                        |                   |
|------------------------|-------------------|
| Payroll and benefits   | \$ 19,750         |
| Vendor payables        | 168,541           |
| Due to SCUSD           | 4,739             |
| Due to grantor         | 39,487            |
| Total Accounts Payable | <u>\$ 232,517</u> |

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Chrome Books**

The Charter School entered into a capital lease to purchase 450 chrome books for \$128,744. The terms of the loan require 36 monthly payments of \$4276, interest rate of 8.00 percent and with a maturity date June 30, 2017. The balance outstanding as of June 30, 2015, is \$86,589. The current portion of long-term obligations is \$57,726.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 9 - OPERATING LEASES***

The Charter School leases its facilities in Santa Clara, California, under an operating lease commencing August 1, 2012, and terminating on July 31, 2015, with a monthly payment of \$28,295. Total rent and maintenance expense during the year ended June 30, 2015, was \$500,138.

Future payments are as follows:

| <u>Fiscal Year</u> | <u>Payments</u>   |
|--------------------|-------------------|
| 2016               | <u>\$ 339,540</u> |

***NOTE 10 - RELATED PARTY TRANSACTIONS***

The Charter School is part of the Foundation. The Charter School pays the Foundation management fees for services received. The amount is calculated based on management assessment. The amount of management fees paid to the Foundation for fiscal year ended June 30, 2015, is \$198,742.

***Intra-Company Loan***

During 2014-2015, the board authorized a loan between Home Office to the Charter School for temporary financial hardship. As of June 30, 2015, the balance outstanding is \$380,000. Future repayment of \$31,667 will be made monthly over the next twelve months ending June 30, 2016.

***NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   |                                     |                    |
| Benefit formula   | 2% at 60                            | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                  | 5 Years of Service |
| Benefit payments  | Monthly for Life                    | Monthly for Life   |
| Retirement age  | 60                                  | 62                 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Required employee contribution rate                       | 8.15%                               | 8.15%              |
| Required employer contribution rate                       | 8.88%                               | 8.88%              |
| Required State contribution rate                          | 5.95%                               | 5.95%              |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$127,177.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   |                                       |                    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$7,580.



**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$15,204 (5.679 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 12 - CONTINGENCIES***

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. As of September 2015, the Office of Internal Investigation has started a review of prior year activity. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

***NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation insurance, charter school liability insurance and medical, dental and vision insurance. The relationship between the Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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During the year ended June 30, 2015, the Charter School made payments of \$45,820 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

***NOTE 14 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year financial.

The Charter School has renewed its facilities use lease agreement in Santa Clara, California. The terms of the new lease began August 1, 2015, and expire on July 31, 2018. The Charter School will make monthly rent and maintenance expense payments.

**DRAFT 12/09/2015**

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy Santa Clara (Charter School No. 1116) was granted on July 9, 2009, by the Santa Clara County Office of Education. The Charter School operates one school, grades six through nine.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | Final Report         |               |
|---------------------------|----------------------|---------------|
|                           | Second Period Report | Annual Report |
| Regular ADA               |                      |               |
| Sixth                     | 120.19               | 119.70        |
| Seventh and eighth        | 241.36               | 240.87        |
| Ninth                     | 102.99               | 102.05        |
| Total Regular ADA         | <u>464.54</u>        | <u>462.62</u> |
| Classroom based ADA       |                      |               |
| Sixth                     | 120.19               | 119.70        |
| Seventh and eighth        | 241.36               | 240.87        |
| Ninth                     | 102.99               | 102.05        |
| Total Classroom based ADA | <u>464.54</u>        | <u>462.62</u> |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADMEY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level   | 1986-87                | Reduced<br>1986-87     | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|---------------|------------------------|------------------------|------------------------------|-------------------------|------------------------|----------|
|               | Minutes<br>Requirement | Minutes<br>Requirement |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8  | 54,000                 | 52,457                 |                              |                         |                        |          |
| Grade 6       |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grade 7       |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grade 8       |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grades 9 - 12 | 64,800                 | 62,949                 |                              |                         |                        |          |
| Grade 9       |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grade 10      |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grade 11      |                        |                        | 63,700                       | 176                     | N/A                    | Complied |
| Grade 12      |                        |                        | 63,700                       | 176                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

|  |                          |
|--|--------------------------|
| <b>FUND BALANCE</b>                                    |                          |
| Balance, June 30, 2015, Unaudited Actuals              | \$ 473,945               |
| Increase in:   |                          |
| Accounts receivable                                    | 2,548                    |
| Prepaid expenses and other current assets              | 3,331                    |
| Fixed assets   | 24,501                   |
| Accounts payable                                       | (9,778)                  |
| Decrease in:   |                          |
| Cash   | <u>3,990</u>             |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u><u>\$ 498,537</u></u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Santa Clara County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.



**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy Santa Clara  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

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 Magnolia Science Academy Santa Clara (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters**

**DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy Santa Clara  
(A California Nonprofit Public Benefit Corporation)  
Westminster, California

### Report on State Compliance

We have audited Magnolia Science Academy Santa Clara's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015****Other Matters**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | No, see below               |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

**DRAFT 12/09/2015**

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter School did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADMEY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|



**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SANTA CLARA  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

DRAFT 12/09/2015

Governing Board  
Magnolia Science Academy Santa Clara  
(A California Nonprofit Public Benefit Corporation)  
Van Nuys, California

In planning and performing our audit of the financial statements of Magnolia Science Academy Santa Clara, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Academy.

**Payroll - MSA SC**

*Observation*

The principal/management signed "At-Will Employment agreements" was not provided for one of six employees tested

*Recommendation*

A procedure should be in place to make sure that the "At-Will Employment agreements" are being reviewed and approved by the site principal or other authorized management prior to employment.

*Corrective Action Plan*

The charter school has been able to locate a number of "At-Will Employment agreements"; however, this one was misplaced due to transition of records. The Principal has requested to upload all future agreements into CoolSIS for review by Human Resources.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

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DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Magnolia Science Academy San Diego  
(A California Nonprofit Public Benefit Corporation)  
San Diego, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy San Diego (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows 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 audits. 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Charter School'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 Charter School'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.

DRAFT 12/09/2015

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015, on our consideration of the Charter School'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 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 the Charter School's internal control over financial reporting and compliance.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

**DRAFT 12/09/2015**

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***FINANCIAL STATEMENTS***

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**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

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**ASSETS**

Current Assets:

|                                   |                |
|-----------------------------------|----------------|
| Cash and cash equivalents         | \$ 382,157     |
| Restricted assets                 |                |
| Cash held for restricted purposes | 118,998        |
| Accounts receivable               | <u>248,652</u> |
| Total Current Assets              | <u>749,807</u> |

Non-Current Assets

|                                |                     |
|--------------------------------|---------------------|
| Fixed assets                   | 586,778             |
| Less: accumulated depreciation | <u>258,217</u>      |
| Total Non-Current Assets       | <u>328,561</u>      |
| Total Assets                   | <u>\$ 1,078,368</u> |

**LIABILITIES**

Current Liabilities:

|                               |               |
|-------------------------------|---------------|
| Accounts payable and accruals | \$ 82,466     |
| Deferred revenue              | 2,940         |
| Total Current Liabilities     | <u>85,406</u> |

Long-Term Obligations:

|  |                |
|--|----------------|
| Non-current portion of long-term obligations | <u>151,806</u> |
| Total Liabilities                            | <u>237,212</u> |

**NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| Unrestricted                     | 722,158             |
| Unrestricted- Designated         | <u>118,998</u>      |
| Total Net Assets                 | <u>841,156</u>      |
| Total Liabilities and Net Assets | <u>\$ 1,078,368</u> |

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

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHANGES IN UNRESTRICTED NET ASSETS**

**Unrestricted revenues:**

|                      |                  |
|----------------------|------------------|
| State apportionments | \$ 2,243,691     |
| Federal revenue      | 93,377           |
| Other State revenue  | 361,721          |
| Local revenue        | 99,896           |
| Total Revenues       | <u>2,798,685</u> |

**EXPENSES**

Program services:

|                        |           |
|------------------------|-----------|
| Salaries and benefits  | 1,834,111 |
| Student services       | 132,745   |
| Materials and supplies | 27,733    |
| Student nutrition      | 38,481    |
| Other expenses         | 10,249    |

|          |                  |
|----------|------------------|
| Subtotal | <u>2,043,319</u> |
|----------|------------------|

Management and general:

|                    |         |
|--------------------|---------|
| Depreciation       | 37,442  |
| Management fee     | 214,224 |
| Operating expenses | 107,772 |
| Interest           | 82      |

|                |                  |
|----------------|------------------|
| Total Expenses | <u>2,402,839</u> |
|----------------|------------------|

**CHANGE IN UNRESTRICTED NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

|                   |
|-------------------|
| <u>395,846</u>    |
| <u>445,310</u>    |
| <u>\$ 841,156</u> |

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

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| <b>Change in unrestricted net assets</b>  | \$ 395,846     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Depreciation expense  | 37,442         |
| Changes in operating assets and liabilities:  |                |
| Decrease in assets  |                |
| Accounts receivable   | 54,002         |
| Increase (Decrease) in liabilities  |                |
| Accounts payable and accruals   | (255,568)      |
| Deferred revenue  | 423            |
| Net Cash Provided by Operating Activities   | <u>232,145</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                      |                  |
|----------------------|------------------|
| Capital expenditures | <u>(100,609)</u> |
|----------------------|------------------|

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                         |                 |
|-------------------------|-----------------|
| Loan principal payments | <u>(20,000)</u> |
|-------------------------|-----------------|

**NET INCREASE IN CASH**

111,536

**CASH AND CASH EQUIVALENTS,  
BEGINNING OF YEAR**

389,619

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 501,155

**Supplemental cash flow disclosure:**

|  |                     |
|--|---------------------|
| Cash paid during the period for interest | <u><u>\$ 82</u></u> |
|--|---------------------|

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

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 1 - ORGANIZATION AND MISSION***

**Magnolia Science Academy San Diego**

Charter school number authorized by the State: 0698

Magnolia Science Academy San Diego, formerly Momentum Middle Charter School (the Charter School) is a charter school located in San Diego, California that provides educational activities for students in grades sixth through ninth serving approximately 365 students. The School offers a rich academic program with elective classes, tutoring, and after school clubs. It was the most improved middle school according to all API scores in the year 2007. The School was created under the approval of the San Diego Unified School District (SDUSD) and the California State Board of Education, and receives public per-pupil funding to help support their operation. The School is economically dependent on Federal and State funding.

**Magnolia Educational and Research Foundation**

The Charter School is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as the Charter School's Charter School Management Organization (CMO) that manages the Charter School's nonacademic operation such as financial, general administration, and human resource management. The Charter School's financial statements are included in the consolidated financial statements of Magnolia Educational and Research Foundation.

Administrative support provided to the individual schools and accounted for separately within the financial statements. School support uses a tier expense allocation structure based on student enrollment to calculate expenses to be charged out on each charter school.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 15 to the financial statements.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2015. In addition, the Charter School is required to present a statement of cash flows.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2011 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Charter School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)****DRAFT 12/09/2015****NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2015, was \$20,000.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**Net Asset Classes**

Magnolia Science Academy 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 the Magnolia Science Academy consist of the following:

**Unrestricted** - All resources over which the governing board has discretionary control to use in carrying on the general operations of the Charter School.

**Temporarily restricted** - These net assets are restricted by donors to be used for specific purposes. The Charter School does not have temporarily restricted net assets.

**Permanently restricted** - These net assets are permanently restricted by donors and cannot be used by the school. The Charter School does not have permanently restricted net assets.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. The grant portion of the Charter School Facilities Program is classified as restricted net assets until the fund is used for the purchase of the land and the construction of the facility. As of June 30, 2015, the amount of restricted net assets was \$118,998.

**Intra-company Receivable/Payable**

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to the Charter School and reimbursement for those resources.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash at June 30, 2015, consisted of the following:

|                           | <u>Reported<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits                  |                            |                         |
| Cash on hand and in banks | <u>\$ 280,001</u>          | <u>\$ 334,625</u>       |

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had \$326,019 in excess of insured limits.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 4 - RESTRICTED CASH***

Restricted cash arises from conditions required by the various financing arrangements. Financial statement classification is based on whether the restricted cash is held to satisfy current or long-term obligations. Restricted cash at June 30, 2015, was comprised of the following:

|   |                   |
|---|-------------------|
| Current restricted cash for the Charter School Facilities Program | <u>\$ 118,998</u> |
|---|-------------------|

***NOTE 5 - INVESTMENTS***

**Summary of Investments**

Investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

| <u>Investment Type</u>                    | <u>Reported<br/>Amount</u> | <u>Fair Market<br/>Value</u> |
|---|----------------------------|------------------------------|
| San Diego County Treasury Investment Pool | <u>\$ 102,156</u>          | <u>\$ 102,103</u>            |

Deposits with county treasurer are an external investment pool sponsored by the County of San Diego. County deposits are not required to be categorized. The pool provided the fair value for these deposits.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School manages its exposure to interest rate risk by investing in the County Pool.

***NOTE 6 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

The Charter School determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.



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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2015. The Charter School did not have any liabilities measured at fair value on a recurring basis as of June 30, 2015.

| Investment Type                  | Level | Fair Value | Weighted Average Maturity in Days |
|----------------------------------|-------|------------|-----------------------------------|
| San Diego County Investment Pool | 2     | \$ 102,103 | 253                               |

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 7 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2015, consisted of the following:

|                               |                          |
|-------------------------------|--------------------------|
| Local Control Funding Formula | \$ 166,881               |
| Federal receivable            | 26,481                   |
| State receivable              | 27,394                   |
| Lottery                       | <u>33,482</u>            |
| Total Accounts Receivable     | <u><u>\$ 254,238</u></u> |

***NOTE 8 - FIXED ASSETS***

Fixed assets at June 30, 2015, consisted of the following:

|                                |                          |
|--------------------------------|--------------------------|
| Software and equipment         | \$ 402,163               |
| Work in progress               | <u>184,615</u>           |
| Subtotal                       | 586,778                  |
| Less: accumulated depreciation | <u>(297,517)</u>         |
| Total Fixed Assets             | <u><u>\$ 289,261</u></u> |

During the year ended June 30, 2015, \$37,442 was charged to depreciation expense.

***NOTE 9 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2015, consisted of the following:

|                        |                         |
|------------------------|-------------------------|
| Payroll and benefits   | \$ 36,569               |
| Vendor payables        | 24,642                  |
| Due to SDUSD           | <u>21,255</u>           |
| Total Accounts Payable | <u><u>\$ 82,466</u></u> |

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 10 - LOANS PAYABLE***

**California Department of Education**

The School received an unsecured revolving loan payable to the California Department of Education totaling \$100,000 on June 23, 2010. The loan has an interest rate of 0.54 percent and it matures in five years. The repayment terms require six monthly payments each year in five fiscal years beginning on August 20, 2010. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments. At June 30, 2015, the loan balance was paid in full.

**Charter School Facilities Program**

The Charter School has been approved by the State of California's Charter School Facilities Program for \$3,036,122 for constructing a new facility which will cost the same amount. The State will fund 50 percent of the total amount of \$3,036,122; the State will fund 50 percent of the total project cost through a loan in the amount of \$1,518,061 and the other 50 percent through a grant in the amount of \$1,518,061. The loan has an annual interest rate of 2.00 percent and it matures 30 years after the completion of the project, which is estimated to be in the middle of calendar year 2016. The repayment schedule will be determined after completion of the project. The State Controller's Office will deduct the loan payments from the Charter School's State School Fund Apportionments. The outstanding loan balance as of June 30, 2015, was \$151,806.

***NOTE 11 - FACILITIES USE AGREEMENT***

The Charter School renewed a multi-year Facilities Use Permit Agreement with SDUSD for the sole purpose of operating the Charter School educational programs and related Charter School activities. The terms include rental fees shall be paid on the first of every month. The agreement expired June 30, 2015. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2015, was \$46,434.

Future payments are as follows:

| <u>Fiscal Year</u> | <u>Payment</u>   |
|--------------------|------------------|
| 2016               | <u>\$ 48,475</u> |

***NOTE 12 - RELATED PARTY TRANSACTIONS***

The School is part of the Foundation. The School pays the Foundation management fees for services received. The amount is calculated based on management assessment. The amount of management fees paid to the Foundation for fiscal year ended June 30, 2015, is \$214,224.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are 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 the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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 actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>STRP Defined Benefit Program</u> |                    |
|---|-------------------------------------|--------------------|
|   | December 31, 2012                   | January 1, 2013    |
| Hire date   | 2% at 60                            | 2% at 62           |
| Benefit formula   | 5 Years of Service                  | 5 Years of Service |
| Benefit vesting schedule                                  | Monthly for Life                    | Monthly for Life   |
| Benefit payments  | 60                                  | 62                 |
| Retirement age  | 2.0% - 2.4%                         | 2.0% - 2.4%        |
| Monthly benefits as a percentage of eligible compensation | 8.15%                               | 8.15%              |
| Required employee contribution rate                       | 8.88%                               | 8.88%              |
| Required employer contribution rate                       | 5.95%                               | 5.95%              |
| Required State contribution rate                          |                                     |                    |

**Contributions**

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$102,985.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Charter School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2013, the Charter Schools Pool total plan assets are \$49 billion, the total accrued liability is \$61 billion, contributions from all employers totaled \$1.8 billion, and the plan is 80.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
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**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | <u>School Employer Pool (CalPERS)</u> |                    |
|---|---------------------------------------|--------------------|
|   | December 31, 2012                     | January 1, 2013    |
| Hire date   | December 31, 2012                     | January 1, 2013    |
| Benefit formula   | 2% at 55                              | 2% at 62           |
| Benefit vesting schedule                                  | 5 Years of Service                    | 5 Years of Service |
| Benefit payments  | Monthly for Life                      | Monthly for Life   |
| Retirement age  | 55                                    | 62                 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                           | 1.0% - 2.5%        |
| Required employee contribution rate                       | 7.000%                                | 6.000%             |
| Required employer contribution rate                       | 11.771%                               | 11.771%            |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Charter School contributions were \$6,793.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$58,861 (5.541 percent of the Charter School's 2012-2013 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use social security as its alternative plan.

***NOTE 14 - CONTINGENCIES***

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. As of September 2015, the Office of Internal Investigation has started a review of prior year activity. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**Litigation**

The Charter School is not currently a party to any legal proceedings.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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***NOTE 15 - PARTICIPATION IN JOINT POWERS AUTHORITY***

The Charter School are a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation and charter school liability insurance. The relationship between The Charter School and CharterSAFE is such that CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Charter School are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2014-2015 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2015, the Charter School made payments of \$32,321 to CharterSAFE for services received. At June 30, 2015, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

***NOTE 16 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year financial.

The Charter School has renewed its Facilities Use Permit Agreement with SDUSD. The terms of the new lease began July 1, 2015, and expire on June 30, 2020, and are calculated at two percent of revenues of the Charter School in accordance with substantially rent-free facilities under Proposition 39. The Charter School will make ten equal monthly rent and maintenance expense payments.



DRAFT 12/09/2015

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***SUPPLEMENTARY INFORMATION***

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**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2015**

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**ORGANIZATION**

Magnolia Science Academy San Diego (Charter Number 0698) was granted on July 1, 2005, by the San Diego Unified School District. The Charter School operates one school, grades six through eight.

**GOVERNING BOARD**

| <u>MEMBER</u>                 | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------|---------------------|
| Dr. Umit Yapanel, Ph.D.       | President     | October 10, 2017    |
| Mrs. Noel Russell-Unterburger | Treasurer     | October 10, 2017    |
| Saken Sherkhanov              | Secretary     | December 11, 2018   |
| Mr. Nguyen Huynh              | Director      | October 10, 2017    |
| Dr. Mustafa Kaynak, Ph.D.     | Director      | December 10, 2019   |
| Dr. Remzi Oten, Ph.D.         | Director      | March 11, 2020      |

**ADMINISTRATION**

|                      |   |
|----------------------|---|
| Caprice Young, Ed.D. | Chief Executive Officer, Superintendent |
| Oswaldo Diaz         | Chief Financial Officer                 |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|                           | <u>Final Report</u>  |                      |
|---------------------------|----------------------|----------------------|
|                           | <u>Revised</u>       |                      |
|                           | <u>Second Period</u> | <u>Annual</u>        |
|                           | <u>Report</u>        | <u>Report</u>        |
| Regular ADA               |                      |                      |
| Sixth                     | 118.60               | 118.58               |
| Seventh and eighth        | <u>237.75</u>        | <u>236.90</u>        |
| Total Regular ADA         | <u><u>356.35</u></u> | <u><u>355.48</u></u> |
| Classroom based ADA       |                      |                      |
| Sixth                     | 118.60               | 118.58               |
| Seventh and eighth        | <u>237.75</u>        | <u>236.90</u>        |
| Total Classroom based ADA | <u><u>356.35</u></u> | <u><u>355.48</u></u> |

The Charter School did not operate an independent study non-classroom based instruction program.

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Grade Level  | 1986-87<br>Minutes<br>Requirement | Reduced<br>1986-87<br>Minutes<br>Requirement | 2014-15<br>Actual<br>Minutes | Number of Days          |                        | Status   |
|--------------|-----------------------------------|--|------------------------------|-------------------------|------------------------|----------|
|              |                                   |  |                              | Traditional<br>Calendar | Multitrack<br>Calendar |          |
| Grades 6 - 8 | 54,000                            | 52,457                                       |                              |                         |                        |          |
| Grade 6      |                                   |  | 63,970                       | 180                     | N/A                    | Complied |
| Grade 7      |                                   |  | 63,970                       | 180                     | N/A                    | Complied |
| Grade 8      |                                   |  | 63,970                       | 180                     | N/A                    | Complied |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

|  |                   |
|--|-------------------|
| <b>FUND BALANCE</b>                                    |                   |
| Balance, June 30, 2015, Unaudited Actuals              | \$ 615,301        |
| Increase in:   |                   |
| Fixed Assets   | <u>21,859</u>     |
| Decrease in:   |                   |
| Accounts receivable                                    | (1,205)           |
| Accounts payable and accrued payroll                   | <u>205,201</u>    |
| Balance, June 30, 2015,<br>Audited Financial Statement | <u>\$ 841,156</u> |

See accompanying note to supplementary information.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO  
(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the school operated, members of the governing board, and members of the administration.

**Schedule of Average Daily Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the San Diego County Office of Education to the Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**DRAFT 12/09/2015**

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***INDEPENDENT AUDITOR'S REPORTS***

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DRAFT 12/09/2015

**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***

Governing Board  
Magnolia Science Academy San Diego  
(A California Nonprofit Public Benefit Corporation)  
San Diego, California

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 Magnolia Science Academy San Diego (the Charter School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



**Compliance and Other Matters****DRAFT 12/09/2015**

As part of obtaining reasonable assurance about whether the Charter School'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated \_\_\_\_\_, 2015.

**Purpose of This Report**

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

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Magnolia Science Academy San Diego  
(A California Nonprofit Public Benefit Corporation)  
San Diego, California

### Report on State Compliance

We have audited Magnolia Science Academy San Diego's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Charter School's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School'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 opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

### Unmodified Opinion

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

**DRAFT 12/09/2015**

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

|   | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance Accounting:  |                             |
| Attendance Reporting  | No, see below               |
| Teacher Certification and Misassignments                        | No, see below               |
| Kindergarten Continuance  | No, see below               |
| Independent Study   | No, see below               |
| Continuation Education  | No, see below               |
| Instructional Time  | No, see below               |
| Instructional Materials   | No, see below               |
| Ratios of Administrative Employees to Teachers                  | No, see below               |
| Classroom Teacher Salaries                                      | No, see below               |
| Early Retirement Incentive                                      | No, see below               |
| Gann Limit Calculation  | No, see below               |
| School Accountability Report Card                               | No, see below               |
| Juvenile Court Schools  | No, see below               |
| Middle or Early College High Schools                            | No, see below               |
| K-3 Grade Span Adjustment                                       | No, see below               |
| Transportation Maintenance of Effort                            | No, see below               |
| Regional Occupational Centers or Programs Maintenance of Effort | No, see below               |
| Adult Education Maintenance of Effort                           | No, see below               |
| California Clean Energy Jobs Act                                | Yes                         |
| After School Education and Safety Program:                      |                             |
| General Requirements  | Yes                         |
| After School  | Yes                         |
| Before School   | No, see below               |
| Proper Expenditure of Education Protection Account Funds        | Yes                         |
| Common Core Implementation Funds                                | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts         | Yes                         |
| Local Control Accountability Plan                               | Yes                         |
| Charter Schools:  |                             |
| Contemporaneous Records of Attendance                           | Yes                         |
| Mode of Instruction   | Yes                         |
| Non Classroom-Based Instruction/Independent Study               | No, see below               |
| Determination of Funding for Non Classroom-Based Instruction    | No, see below               |
| Annual Instruction Minutes Classroom-Based                      | Yes                         |
| Charter School Facility Grant Program                           | Yes                         |

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Determination of Funding for Non Classroom-Based Instruction.

The Charter did not receive funding related to the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

DRAFT 12/09/2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY OF AUDITOR'S RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

|   |                      |
|---|----------------------|
| Type of auditor's report issued:                      | <u>Unmodified</u>    |
| Internal control over financial reporting:            |                      |
| Material weakness identified?                         | <u>No</u>            |
| Significant deficiency identified?                    | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u>            |

**STATE AWARDS**

|   |                   |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**MAGNOLIA SCIENCE ACADEMY SAN DIEGO**  
**(A California Nonprofit Public Benefit Corporation)**

**DRAFT 12/09/2015**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



DRAFT 12/09/2015

Governing Board  
Magnolia Science Academy San Diego  
(A California Nonprofit Public Benefit Corporation)  
San Diego, California

In planning and performing our audit of the financial statements of Magnolia Science Academy San Diego, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated \_\_\_\_\_, 2015 on the financial statements of the Charter School.

**Cash Collections - MSA SD**

*Observation*

Bank reconciliations are not consistently being reviewed by Supervisor on a timely basis, and for the months tested, did not have a signature confirming review.

*Recommendation*

It is recommended that the bank reconciliation be signed and dated by both the preparer and reviewer on a monthly basis

*Corrective Action Plan*

A new process has been implemented with the third-party back office provider to prepare all reconciliations for management's review and signatures.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California  
\_\_\_\_\_, 2015

# Cover Sheet

## Approval of Search Engine Optimization and Reputation Enhancement Software Services

**Section:** II. Action Items  
**Item:** D. Approval of Search Engine Optimization and Reputation Enhancement Software Services  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
II D Search Engine Optimization and Reputation Enhancement Software.pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

|                     |   |
|---------------------|---|
| Board Agenda Item # | II D  |
| Date:               | December 10, 2015   |
| To:                 | MPS Board of Directors  |
| From:               | Caprice Young, Ed.D., CEO & Superintendent                        |
| Staff Lead:         | Alfredo Rubalcava, Chief External Officer                         |
| RE:                 | SEO and Reputation Enhancement proposal by RegisterEverywhere.com |

### Proposed Board Recommendation

I move that the board approve the Search Engine Optimization (SEO) and Reputation Enhancement proposal by RegisterEverywhere.com

### Background

Magnolia Public Schools essentially needs two online services to ensure the right stakeholder target market is reached, and more importantly that target market's opinion of Magnolia Public Schools is not tainted with inaccurate narratives spun by outside agitators. These goals will be accomplished by improving our Reputation Enhancement and SEO capabilities.

1) Reputation Enhancement - this is so when people conduct searches on Google using particular keywords, the mischaracterizations and misrepresentations associated with Magnolia Public Schools are moved lower in the search rankings. All the while, a variety of accurate sites, information and pages are getting listed higher on Google for those particular keyword searches. Based on that objective, the fee will cost \$6,500 per month with a 6-month minimum commitment. The details can be found in the attached Reputation Enhancement proposal.

2) SEO - this is so when people search for particular keywords like "top high schools in Los Angeles (or, Orange, San Diego or San Jose)" or "top science high schools in Los Angeles (etc.)", our actual site of magnoliapublicschools.org (or pages within our site) comes up higher on Google. As shown in the benchmark ranking report attached, of the 56 targeted key phrases that people may search for in Google, almost none of them landed magnoliapublicschools.org on the first (or second) page of Google. The fee for this service will be \$2,300 per month, with a 6-month minimum commitment. The details can be found in the attached SEO proposal.

### Why Register Everywhere, Inc.?

They were referred to Magnolia Public Schools by our PR firm, Larson Communications. Register Everywhere, Inc. is one of the oldest search engine optimization companies in America. They have been serving the organic marketing needs of clients since November of 1994. At RegisterEverywhere.com, the client is the focal point. They are known for their top customer service. And, they succeed in doing for themselves what they claim they will do for us. If you check Google's organic search result rankings for keywords like search engine placement, search



# MAGNOLIA PUBLIC SCHOOLS

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engine promotion, search engine ranking services, search engine optimization services, or first page ranking you will note RegisterEverywhere.com's prominent first page rankings, and they happen to be competing against the best of the best search engine optimization companies in the world. As a professional services contract, a bid process was not required; however, the staff considered other companies of varying price points and consider Register Everywhere to be the best value for the expenditure.

## Budget Implications

The whole scope of the SEO and Reputation Enhancement work will cost \$52,800 for a period of six months. After such time, MPS will make a determination if we want to extend the scope of work and time with a new proposal. Multiple measures will determine this extension, including new student enrollment and Magnolia's image with its external audience.

## Name of Staff Originator:

Alfredo Rubalcava, Chief External Officer

## Attachments

Reputation Enhancement and Search Engine Optimization (SEO) service proposal by RegisterEverywhere.com  
Keyword Rankings (grouped by SE)



1007 S. Central Ave Suite 206, Glendale, CA 91204

## **Reputation Enhancement Project**

### ***Magnolia Public Schools***

**Objective:** The intent of this engagement is to promote positive online properties for Magnolia Public Schools, and by doing so lessen the prevalence of negative online properties. Currently, a Google search for a variety of keywords brings up negative results such as the alleged fiscal mismanagement, unfortunate sexting incident from an individual, and the Gulen connection. The intention of this project is to push those negative stories further down in the search results, and in their place deliver positive online properties.

#### **Deliverables:**

Depending on the service option selected, we will deliver the below four (4) items. Each of our service options use a mix of custom sites and blogs. All online properties we build, and any positive online properties we find, will have a proper link building campaign deployed to rank those online properties higher.

**1. Custom sites** - These are custom sites that we build from scratch. We will register the domains and host these sites as well. These sites will be populated with positive content.

**2. Blogs** - We will use blogging platforms like Blogger, Tumblr, Weebly and others to populate positive content.

**3. Link Building** - Upon building positive online properties, we need to rank them highly. To that end we use one-way backlinks that we will be pointing to our custom sites, and blogs, as well as to positive new stories we find online. Our linking methodology is quite unique in the industry, as we do not use any forums, blogs, classified ad sites, or articles. Most SEO companies use the above mentioned, and in many cases use black-hat software like SENUke, which as noted by Matt Cutts of Google, sites that aggressively use such black-hat linking methodologies will ultimately get penalized by Google. Please search for "Google Penalty" for more details.

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Client: Magnolia Public Schools

Client Initials\_\_\_\_  
Page 1



1007 S. Central Ave Suite 206, Glendale, CA 91204

**4. Reporting** - We will provide screen captures of search results when we begin the project, which the Client can use as a benchmark. We will also provide screen captures of search results as we achieve our objectives.

**Timeframe:**

Depending on the service option selected, it can take us one (1) to three (3) weeks to build all online properties. Link building is an on-going process.

**Target Key Phrases**

- Magnolia Public Schools
- Magnolia Charter Schools
- Magnolia Science Academy
- Magnolia LAUSD
- Magnolia STEM School
- Magnolia Charter High School



1007 S. Central Ave Suite 206, Glendale, CA 91204

### **Select Service Option**

For any keyword search, there are 10 listings on each page of a search engine. Please select the service option you prefer:

- 10 online properties** - aims to position 10 positive properties on 1st page of search results: \$5,000/month
  
- 20 online properties** - aims to position 20 positive properties on 1st & 2nd pages of search results: \$6,500/month
  
- 30 online properties** - aims to position 30 positive properties on 1st, 2nd, & 3rd pages of search results: \$8,000/month

**Set-up Fee:** \$0 – Waived as courtesy

**Duration:** Each option above requires a 6-month commitment. After the 6 months are up, the account will be treated as a month-to-month service. Client can stop renewal after the 6 months are up by emailing [support@registereverywhere.com](mailto:support@registereverywhere.com) prior to the next renewal date.

**Terms:** <http://www.registereverywhere.com/terms.php>

**Payment Method:** Visa, MasterCard, American Express, Discover

**Offer Date:** 11/23/15

**Offer Good Through:** 12/7/15

**Questions?** 1.800.585.3222 option 1 or [Raffi@registereverywhere.com](mailto:Raffi@registereverywhere.com)

### **No Guarantee**

Although we will do everything possible to ensure our positive properties rank higher than the negative online properties that are currently ranked highly, we cannot guarantee our results, as much like anyone else in the industry, we do not have full control over search engines.

### **No Refund Policy**

Reputation enhancement is a very labor intensive undertaking. As such, once our work commences we do not offer any refunds.

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Client: Magnolia Public Schools

Client Initials\_\_\_\_  
Page 3



1007 S. Central Ave Suite 206, Glendale, CA 91204

**Payment Details:**

Full Name on Card: \_\_\_\_\_

Card #: \_\_\_\_\_

Exp Date: \_\_\_\_\_ CVV (3 or 4 digit number): \_\_\_\_\_

Billing Address: \_\_\_\_\_

Monthly Fee: \$\_\_\_\_\_ (enter dollar amount of the service option you selected)

Cardholder Signature: \_\_\_\_\_

**Approval of Project by:**

Today's Date: \_\_\_\_\_

Full Name of Contact: \_\_\_\_\_

Contact Work Phone: \_\_\_\_\_ Contact Cell Phone (optional): \_\_\_\_\_

Contact Email: \_\_\_\_\_

To execute the above - PDF and email to [Raffi@registereverywhere.com](mailto:Raffi@registereverywhere.com) or fax to: 1.818.246.8216. Thank you.

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Client: Magnolia Public Schools

Client Initials\_\_\_\_  
Page 4





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## **Project: Magnoliapublicschools.org**

**Objective:** Improve ranking on Google, Bing, Yahoo!, Ask, and AOL Search targeting the key phrases below for the purpose of driving quality traffic and leads to the site. As usual, the most emphasis will be placed on Google, as it has the most market share. Please see the breakdown of search market share below:

| Search Engine | Percent of Search Market Share |
|---------------|--------------------------------|
| Google        | 67%                            |
| Bing          | 16.5%                          |
| Yahoo!        | 12.1%                          |
| Ask           | 2.8%                           |
| AOL Search    | 1.7%                           |

Source: [ComScore](#)

### **Deliverables:**

- 1)** On-site optimization - which ensures pages of the site have proper meta tags, and keyword-to-content ratio.
- 2)** Off-site optimization – one-way link building from well established sites, including review sites (RegisterEverywhere.com fully controls and owns all sites). Our linking methodology is quite unique in the industry, as we do not use any forums, blogs, classified ad sites, or articles. Most SEO companies use the above mentioned, and in many cases use black-hat software like SENUke, which as noted by Matt Cutts of Google, sites that aggressively use such black-hat linking methodologies will ultimately get penalized by Google. Please search for “Google Penalty” for more details.
- 3)** Work with Client, Client’s technical writer(s), and Client’s Web Developer(s) to ensure the best possible search engine optimization results for Client.

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Client: Magnoliapublicschools.org

Client Initials\_\_\_\_  
Page 1



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**Timeframe:**

For ranking results to come to fruition, it can take as little as 4 weeks from the time the on-site optimization is fully complete on the target site of Magnoliapublicschools.org, to as much as 24 weeks. On-site optimization implementation will take 3-5 working days to complete. Off-site optimization is an on-going process.

**Target Key Phrases**

1. Science high schools in California
2. Best science high schools
3. Top high schools
4. Top high schools in California
5. Top high schools in Los Angeles
6. Top high schools in Orange County
7. Top high schools in San Fernando Valley
8. Top high schools in San Diego
9. Top high schools in Santa Clara
10. Top charter high schools in CA
11. Top charter high schools in Los Angeles
12. Top charter high schools in Orange County
13. Top charter high schools in San Fernando Valley
14. Top charter high schools in San Diego
15. Top charter high schools in Santa Clara
16. STEM high schools in California
17. Top STEM high schools
18. Math high schools in California
19. Top math high schools in Los Angeles
20. Top math high schools in CA
21. Top math high schools in San Fernando Valley
22. Top math high schools in San Diego
23. Top math high schools in Santa Clara
24. Technology high schools in California

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Client: Magnoliapublicschools.org

Client Initials\_\_\_\_  
Page 2



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25. Technology high schools in LA
26. Technology high schools in San Fernando Valley
27. Technology high schools in San Diego
28. Technology high schools in Santa Clara
29. Top technology high schools in Orange County
30. Top technology high schools in San Diego
31. Top technology high schools in Santa Clara
32. Top technology high schools in CA
33. Robotics high school class
34. Engineering high school
35. Engineering high schools in California
36. Top engineering high schools in Orange County
37. Top engineering high schools in San Diego
38. Top engineering high schools in Santa Clara
39. Top engineering high schools in CA
40. Magnet high schools in LAUSD
41. Magnet high schools in Los Angeles
42. Magnet high schools in San Fernando Valley
43. Magnet high schools in San Diego
44. Magnet high schools in Santa Clara
45. Gifted education high schools
46. College-ready high schools
47. College-ready high schools in Los Angeles
48. College-ready high schools in San Fernando Valley
49. College-ready high schools in San Diego
50. College-ready high schools in Santa Clara
51. College prep high schools in CA
52. Top college prep high schools in California
53. Best college prep high schools in Los Angeles
54. Best college prep high schools in Orange County
55. Best college prep high schools in San Diego
56. Best college prep high schools in Santa Clara



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### **Duplicate Sites**

Search engines like Google will typically give preferential listing to one of any number of duplicate sites, and that one is usually the oldest registered domain. As such, for any duplicate sites the client owns, all those will need to do a 301 re-direct pointing to Magnoliapublicschools.org.

### **Web Hosting**

Client must ensure the site stays up and running. If the site goes down for long periods of time, rankings will be lost.

### **Reporting Tools**

We will provide the Client with monthly ranking reports upon request. Moreover, we see Google Analytics is installed on your site, and we assume you have full access to it. If you do not have access to it, assuming we are provided access to the site, we can add Google Analytics and grant you access to it so you can login and view your site's traffic and stats at any time.

### **Access to Site**

Although RegisterEverywhere.com will make all search engine optimization related changes for the client (we will need login credentials), it is advised the Client have access to a web developer to make other non-SEO related changes to the site, like sales copy and image changes.

### **Overwriting Our Work**

Client must ensure that our work is not overwritten. Some of the on-site work we do may involve adding new pages to the site. Before making any changes to the site, the Client and/or the Client's web developer(s) should download the site to their computers first.

### **No Refund Policy**

Search engine optimization and organic Internet marketing is a very labor intensive undertaking. As such, once our work commences we do not offer any refunds.

---

Client: Magnoliapublicschools.org

Client Initials\_\_\_\_  
Page 4



1007 S. Central Ave Suite 206, Glendale, CA 91204

## Our Fees

**Total Key phrases: 56**

**Set-up Fee:** \$0 – Waived as courtesy

**Monthly Fee:** \$2,300 – Minimum 6 months. After the 6 months are up, the account will be treated as a month-to-month service. Client can stop renewal after the 6 months are up by emailing [support@registereverywhere.com](mailto:support@registereverywhere.com) prior to the next renewal date.

**Request for additional keywords:** Requires another proposal.

**Terms:** <http://www.registereverywhere.com/terms.php>

**Payment Method:** Visa, MasterCard, American Express, Discover

**Offer Date:** 11/23/15

**Offer Good Through:** 12/7/15

## Customer Support

At RegisterEverywhere.com the client is our focal point. We would love to hear from you!

**Business Hours:** Mon-Fri 9A-6P PST, excluding all Federal Holidays

**Address:** 1007 S. Central Ave 206, Glendale, CA 91204

**Tel:** 1.800.585.3222 (telephone support available during all business hours)

**Email:** [support@registereverywhere.com](mailto:support@registereverywhere.com) (support via email available during all business hours)

## No Minimum Ranking Guarantee

There is no minimum ranking guarantee offered, but our entire goal is to rank the site as highly as possible on the first page of major search engines like Google, Yahoo!, and Bing.

## **About RegisterEverywhere.com:**

We are one of the oldest search engine optimization companies in America. At RegisterEverywhere.com, the client is our focal point. We will do everything humanly possible to keep our clients happy; to a point where they are not only continuing their patronage with us, but are referring other clients to us as well. At RegisterEverywhere.com the proof is in the pudding. If you check Google's natural search result rankings for keywords like search engine placement, search engine promotion, search engine ranking services, search engine optimization services, or first page ranking you will note RegisterEverywhere.com's prominent first page rankings, and we happen to be competing against the best of the best search engine optimization companies in the world.

---

Client: Magnoliapublicschools.org

Client Initials\_\_\_\_  
Page 5



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**To Proceed With Search Engine Optimization Project:**

**Access to Site:**

Login URL: \_\_\_\_\_

Username: \_\_\_\_\_

Password: \_\_\_\_\_

Email address of tech deploying our instructions: \_\_\_\_\_

**Payment Details:**

Full Name on Card: \_\_\_\_\_

Card #: \_\_\_\_\_

Exp Date: \_\_\_\_\_ CVV (3 or 4 digit number): \_\_\_\_\_

Billing Address: \_\_\_\_\_

Cardholder Signature: \_\_\_\_\_

**Approval of Project by:**

Today's Date: \_\_\_\_\_

Full Name of Contact: \_\_\_\_\_

Contact Work Phone: \_\_\_\_\_ Contact Cell Phone (optional): \_\_\_\_\_

Contact Email: \_\_\_\_\_

To execute the above - PDF and email to [support@registereverywhere.com](mailto:support@registereverywhere.com) or fax to: 1.818.246.8216. Thank you. We look forward to serving you and pushing your site on the first page of Google, Bing, Yahoo!, Ask, and AOL Search; above your competitor's sites!

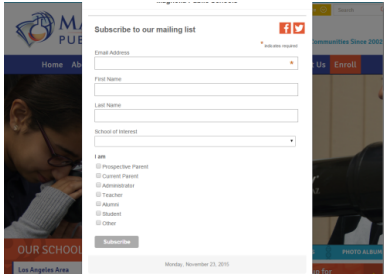
---

Client: Magnoliapublicschools.org

Client Initials\_\_\_\_  
Page 6



## Keyword Rankings (grouped by SE)



[magnoliapublicschools.org](http://magnoliapublicschools.org)

Magnolia Public Schools

**1%** visibility in all search engines

Keywords: 56 | Search engines: 3 | Compare with: Previous | Date: Nov 23, 2015

### Visibility: by Search Engine



### Keyword Rankings: Summary

| Search engine | Top 1 | In top 10 | In top 50 | Not in top 50 |
|---------------|-------|-----------|-----------|---------------|
| Google        | 0     | 0         | 3         | 53            |
| Bing US       | 0     | 0         | 2         | 54            |
| Yahoo!        | 0     | 0         | 1         | 55            |

### Keyword Rankings: by Search Engine

#### Google

| Keyword   | Rank | Previous rank | Ranking URL |
|---|------|---------------|-------------|
| Best college prep high schools in Los Angeles   | >50  | -             |             |
| Best college prep high schools in Orange County | >50  | -             |             |
| Best college prep high schools in San Diego     | >50  | -             |             |

|  |     |   |
|--|-----|---|
| <b>Best college prep high schools in Santa Clara</b>     | >50 | - |
| <b>Best science high schools</b>                         | >50 | - |
| <b>College prep high schools in CA</b>                   | >50 | - |
| <b>College-ready high schools</b>                        | >50 | - |
| <b>College-ready high schools in Los Angeles</b>         | >50 | - |
| <b>College-ready high schools in San Diego</b>           | >50 | - |
| <b>College-ready high schools in San Fernando Valley</b> | >50 | - |
| <b>College-ready high schools in Santa Clara</b>         | >50 | - |
| <b>Engineering high school</b>                           | >50 | - |
| <b>Engineering high schools in California</b>            | >50 | - |
| <b>Gifted education high schools</b>                     | >50 | - |
| <b>Magnet high schools in LAUSD</b>                      | >50 | - |
| <b>Magnet high schools in Los Angeles</b>                | >50 | - |
| <b>Magnet high schools in San Diego</b>                  | >50 | - |
| <b>Magnet high schools in San Fernando Valley</b>        | >50 | - |
| <b>Magnet high schools in Santa Clara</b>                | 20  | - |
| <b>Math high schools in California</b>                   | >50 | - |

<http://msasc.magnoliapublicschools.org/>



|  |     |   |   |
|--|-----|---|---|
| <b>Robotics high school class</b>                      | >50 | - |   |
| <b>Science high schools in California</b>              | >50 | - |   |
| <b>STEM high schools in California</b>                 | >50 | - |   |
| <b>Technology high schools in California</b>           | >50 | - |   |
| <b>Technology high schools in LA</b>                   | >50 | - |   |
| <b>Technology high schools in San Diego</b>            | >50 | - |   |
| <b>Technology high schools in San Fernando Valley</b>  | >50 | - |   |
| <b>Technology high schools in Santa Clara</b>          | >50 | - |   |
| <b>Top charter high schools in CA</b>                  | >50 | - |   |
| <b>Top charter high schools in Los Angeles</b>         | >50 | - |   |
| <b>Top charter high schools in Orange County</b>       | >50 | - |   |
| <b>Top charter high schools in San Diego</b>           | >50 | - |   |
| <b>Top charter high schools in San Fernando Valley</b> | >50 | - |   |
| <b>Top charter high schools in Santa Clara</b>         | 40  | - | <a href="http://msasc.magnoliapublicschool.s.org/">http://msasc.magnoliapublicschool.s.org/</a> |
| <b>Top college prep high schools in California</b>     | >50 | - |   |
| <b>Top engineering high schools in CA</b>              | >50 | - |   |
| <b>Top engineering high schools in</b>                 | >50 | - |   |

**Orange County**

**Top engineering high schools in San Diego** >50 -

**Top engineering high schools in Santa Clara** >50 -

**Top high schools** >50 -

**Top high schools in California** >50 -

**Top high schools in Los Angeles** >50 -

**Top high schools in Orange County** >50 -

**Top high schools in San Diego** >50 -

**Top high schools in San Fernando Valley** >50 -

**Top high schools in Santa Clara** >50 -

**Top math high schools in CA** >50 -

**Top math high schools in Los Angeles** >50 -

**Top math high schools in San Diego** >50 -

**Top math high schools in San Fernando Valley** >50 -

**Top math high schools in Santa Clara** 41 -

<http://msasc.magnoliapublicschools.org/>

**Top STEM high schools** >50 -

**Top technology high schools in CA** >50 -

**Top technology high schools in** >50 -

## Orange County

**Top technology high schools in San Diego** >50 -

**Top technology high schools in Santa Clara** >50 -

 **Bing US**

| Keyword | Rank | Previous rank | Ranking URL |
|---------|------|---------------|-------------|
|---------|------|---------------|-------------|

|  |     |   |  |
|--|-----|---|--|
| <b>Best college prep high schools in Los Angeles</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>Best college prep high schools in Orange County</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>Best college prep high schools in San Diego</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>Best college prep high schools in Santa Clara</b> | >50 | - |  |
|--|-----|---|--|

|                                  |     |   |  |
|----------------------------------|-----|---|--|
| <b>Best science high schools</b> | >50 | - |  |
|----------------------------------|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>College prep high schools in CA</b> | >50 | - |  |
|--|-----|---|--|

|                                   |     |   |  |
|-----------------------------------|-----|---|--|
| <b>College-ready high schools</b> | >50 | - |  |
|-----------------------------------|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>College-ready high schools in Los Angeles</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>College-ready high schools in San Diego</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>College-ready high schools in San Fernando Valley</b> | >50 | - |  |
|--|-----|---|--|

|  |     |   |  |
|--|-----|---|--|
| <b>College-ready high schools in Santa Clara</b> | >50 | - |  |
|--|-----|---|--|

|                                |     |   |  |
|--------------------------------|-----|---|--|
| <b>Engineering high school</b> | >50 | - |  |
|--------------------------------|-----|---|--|

|   |     |   |  |
|---|-----|---|--|
| <b>Engineering high schools in California</b> | >50 | - |  |
|---|-----|---|--|

|                                      |     |   |  |
|--------------------------------------|-----|---|--|
| <b>Gifted education high schools</b> | >50 | - |  |
|--------------------------------------|-----|---|--|

|   |     |   |   |
|---|-----|---|---|
| <b>Magnet high schools in LAUSD</b>                   | >50 | - |   |
| <b>Magnet high schools in Los Angeles</b>             | >50 | - |   |
| <b>Magnet high schools in San Diego</b>               | >50 | - |   |
| <b>Magnet high schools in San Fernando Valley</b>     | >50 | - |   |
| <b>Magnet high schools in Santa Clara</b>             | >50 | - |   |
| <b>Math high schools in California</b>                | >50 | - |   |
| <b>Robotics high school class</b>                     | >50 | - |   |
| <b>Science high schools in California</b>             | >50 | - |   |
| <b>STEM high schools in California</b>                | >50 | - |   |
| <b>Technology high schools in California</b>          | >50 | - |   |
| <b>Technology high schools in LA</b>                  | >50 | - |   |
| <b>Technology high schools in San Diego</b>           | >50 | - |   |
| <b>Technology high schools in San Fernando Valley</b> | >50 | - |   |
| <b>Technology high schools in Santa Clara</b>         | 24  | - | <a href="http://msasc.magnoliapublicschools.org/">http://msasc.magnoliapublicschools.org/</a> |
| <b>Top charter high schools in CA</b>                 | >50 | - |   |
| <b>Top charter high schools in Los Angeles</b>        | >50 | - |   |

|  |     |   |
|--|-----|---|
| <b>Top charter high schools in Orange County</b>       | >50 | - |
| <b>Top charter high schools in San Diego</b>           | >50 | - |
| <b>Top charter high schools in San Fernando Valley</b> | >50 | - |
| <b>Top charter high schools in Santa Clara</b>         | >50 | - |
| <b>Top college prep high schools in California</b>     | >50 | - |
| <b>Top engineering high schools in CA</b>              | >50 | - |
| <b>Top engineering high schools in Orange County</b>   | >50 | - |
| <b>Top engineering high schools in San Diego</b>       | >50 | - |
| <b>Top engineering high schools in Santa Clara</b>     | >50 | - |
| <b>Top high schools</b>                                | >50 | - |
| <b>Top high schools in California</b>                  | >50 | - |
| <b>Top high schools in Los Angeles</b>                 | >50 | - |
| <b>Top high schools in Orange County</b>               | >50 | - |
| <b>Top high schools in San Diego</b>                   | >50 | - |
| <b>Top high schools in San Fernando Valley</b>         | >50 | - |
| <b>Top high schools in Santa Clara</b>                 | >50 | - |
| <b>Top math high schools in CA</b>                     | >50 | - |

**Top math high schools in Los Angeles** >50 -

**Top math high schools in San Diego** >50 -

**Top math high schools in San Fernando Valley** >50 -

**Top math high schools in Santa Clara** >50 -

**Top STEM high schools** >50 -

**Top technology high schools in CA** >50 -

**Top technology high schools in Orange County** >50 -

**Top technology high schools in San Diego** >50 -

**Top technology high schools in Santa Clara** 42 - <http://msasc.magnoliapublicschools.org/>

**Y Yahoo!**

Keyword Rank Previous rank Ranking URL

**Best college prep high schools in Los Angeles** >50 -

**Best college prep high schools in Orange County** >50 -

**Best college prep high schools in San Diego** >50 -

**Best college prep high schools in Santa Clara** >50 -

**Best science high schools** >50 -

**College prep high schools in CA** >50 -

**College-ready high schools** >50 -

|  |     |   |
|--|-----|---|
| <b>College-ready high schools in Los Angeles</b>         | >50 | - |
| <b>College-ready high schools in San Diego</b>           | >50 | - |
| <b>College-ready high schools in San Fernando Valley</b> | >50 | - |
| <b>College-ready high schools in Santa Clara</b>         | >50 | - |
| <b>Engineering high school</b>                           | >50 | - |
| <b>Engineering high schools in California</b>            | >50 | - |
| <b>Gifted education high schools</b>                     | >50 | - |
| <b>Magnet high schools in LAUSD</b>                      | >50 | - |
| <b>Magnet high schools in Los Angeles</b>                | >50 | - |
| <b>Magnet high schools in San Diego</b>                  | >50 | - |
| <b>Magnet high schools in San Fernando Valley</b>        | >50 | - |
| <b>Magnet high schools in Santa Clara</b>                | >50 | - |
| <b>Math high schools in California</b>                   | >50 | - |
| <b>Robotics high school class</b>                        | >50 | - |
| <b>Science high schools in California</b>                | >50 | - |
| <b>STEM high schools in California</b>                   | >50 | - |
| <b>Technology high schools in California</b>             | >50 | - |

|   |     |   |   |
|---|-----|---|---|
| Technology high schools in LA                   | >50 | - |   |
| Technology high schools in San Diego            | >50 | - |   |
| Technology high schools in San Fernando Valley  | >50 | - |   |
| Technology high schools in Santa Clara          | 20  | - | <a href="http://magnoliapublicschools.org/">http://magnoliapublicschools.org/</a> |
| Top charter high schools in CA                  | >50 | - |   |
| Top charter high schools in Los Angeles         | >50 | - |   |
| Top charter high schools in Orange County       | >50 | - |   |
| Top charter high schools in San Diego           | >50 | - |   |
| Top charter high schools in San Fernando Valley | >50 | - |   |
| Top charter high schools in Santa Clara         | >50 | - |   |
| Top college prep high schools in California     | >50 | - |   |
| Top engineering high schools in CA              | >50 | - |   |
| Top engineering high schools in Orange County   | >50 | - |   |
| Top engineering high schools in San Diego       | >50 | - |   |
| Top engineering high schools in Santa Clara     | >50 | - |   |
| Top high schools                                | >50 | - |   |
| Top high schools in California                  | >50 | - |   |



|   |     |   |
|---|-----|---|
| <b>Top high schools in Los Angeles</b>              | >50 | - |
| <b>Top high schools in Orange County</b>            | >50 | - |
| <b>Top high schools in San Diego</b>                | >50 | - |
| <b>Top high schools in San Fernando Valley</b>      | >50 | - |
| <b>Top high schools in Santa Clara</b>              | >50 | - |
| <b>Top math high schools in CA</b>                  | >50 | - |
| <b>Top math high schools in Los Angeles</b>         | >50 | - |
| <b>Top math high schools in San Diego</b>           | >50 | - |
| <b>Top math high schools in San Fernando Valley</b> | >50 | - |
| <b>Top math high schools in Santa Clara</b>         | >50 | - |
| <b>Top STEM high schools</b>                        | >50 | - |
| <b>Top technology high schools in CA</b>            | >50 | - |
| <b>Top technology high schools in Orange County</b> | >50 | - |
| <b>Top technology high schools in San Diego</b>     | >50 | - |
| <b>Top technology high schools in Santa Clara</b>   | >50 | - |

Report created: Nov 23, 2015 by [Register Everywhere, Inc](#)

# Cover Sheet

## Approval of Magnolia Science Academy-4 Technology Plan

**Section:** II. Action Items  
**Item:** E. Approval of Magnolia Science Academy-4 Technology Plan  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II E MSA 4's Instructional Technology Plan.pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

|                     |  |
|---------------------|--|
| Board Agenda Item # | II E   |
| Date:               | December 10, 2015                                |
| To:                 | Magnolia Board of Directors                      |
| From:               | Caprice Young, Ed.D., CEO & Superintendent       |
| Staff Lead:         | Musa Avsar, MSA4 (Teacher/College Advisor)       |
| RE:                 | Approval of MSA4's Instructional Technology Plan |

### Proposed Board Recommendation

I move that the board approve MSA-4's Instructional Technology Plan

### Background

We have been receiving IPADS from the LAUSD as a part of Proposition 39. In 2003, Proposition 39 imposed a mandatory duty on school districts to provide their charter school students facilities that are "reasonably equivalent" to those used by noncharter students within the district. The charter school facilities must be contiguous, similarly furnished and equipped and located near the area in which the charter wishes to locate.

MPS Board's approval is required by our authorizer (LAUSD) before our students receive their IPADS this year again. Once, this plan is approved we will receive 199 IPADS for our students from the LAUSD to be used for instructional and testing purposes until June 9, 2015.

### Budget Implications

No Budget implications

### Name of Staff Originator:

Lisa Ross, Musa Avsar

### Attachments

MSA4's Instructional Technology Plan



# MAGNOLIA PUBLIC SCHOOLS

13950 Milton Ave. 200B Westminster, CA 92683  
 P: (714) 892-5066 F: (714) 362-9588



## Overview

As more schools focus on how to best use technology to enhance teaching and learning in their own environments, this School Instructional Technology Plan is being integrated into the Single Plan for Student Achievement as an addendum. Completed by each school's Instructional Leadership Team, it will help guide your planning to achieve a range of goals, including some that wouldn't be possible without instructional technology integration.

**Please make a copy of this Google Doc; add your school's name to the filename; and BE SURE THE NEW FILE HAS THE SHARE SETTING "ANYONE WITH LINK CAN VIEW."**

### 1. School Information

**School Name**

Magnolia Science Academy 4 Venice

| Location Code | Local Education Service Center | Phone Number   |
|---------------|--------------------------------|----------------|
| 8011          | XR                             | (310) 473-2464 |

**Board of Education Representative**

Dr. George McKenna

**Principal's Name**

Lisa Ross

**Principal's Email Address**

lross@magnoliapublicschools.org



# MAGNOLIA PUBLIC SCHOOLS

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**Primary Contact (if other than principal)**

| Name | Position | Email Address |
|------|----------|---------------|
|      |          |               |

## Vision

2. To what education technology tools do teachers have regular access at your school?  
*(Highlight all that apply)*

|   |  |
|---|--|
| <p>Laptop / Convertible</p> <p>Tablet</p> <p>Classroom Desktop Computer</p> <p>Digital Camera (stand-alone)</p> <p>Video Camera (stand-alone)</p> <p>Green Screen</p> | <p>Interactive Whiteboard</p> <p>Videoconference Equipment</p> <p>Apple TV</p> <p>Projector</p> <p>Document Reader</p> <p>Classroom Amplification System</p> |
| <p>Other (describe): iPads</p>  |  |

3. Describe how teachers use each of the instructional technology tools highlighted in Question 2.

Our teachers uses the **laptops** for instruction on a daily basis. They are able to use this in conjunction with the **Apple TVs** and **projectors** to project for the students. The **document readers** are also used to allow for both students and teachers to project when the Apple TVs are not available. The **digital cameras** and **classroom desktop** computers are both used mostly by students in order to do projects and reports. They are more engaged in their learning when they are able to produce by using the technology as instructional tools.

We also offer computer courses to our students. Last year, the iPads were used by our students to conduct research, complete computer adapted assessments and to create presentations. Students use the device to progress their thinking process.

We have purchased digital textbooks and are in dire need of the devices to use them for



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this purpose.

4. Use the table below to describe your students' general access to computers or tablets: **Highlight one scenario** in the left column, and the **level of access** in the right column. *(If the context varies by grade band or doesn't match one of the descriptions, please describe in the final row.)*

|   |                       |
|---|-----------------------|
| <b>1:1 (provided by school, district, or PTO)</b>   | 24/7                  |
| 1:1 (combination of bring-your-own devices and devices provided by school, district, or PTO)  | All-Day               |
| Shared cart devices   | <b>Part Day</b>       |
| <b>Computer lab</b>   | 2-4 times/week        |
|   | Once a week           |
|   | Less than once a week |
|   | N/A                   |
| <p><b>If the context varies by grade band or doesn't match one of the descriptions above, or if you'd like to add information about your students' access to education technology, please briefly describe here:</b></p> <p>Some of our students had access to our computer lab and iPads. Others had access only to the iPads during the day. This was not the case all year as our students did not get their iPads until April 2015.</p> |                       |

5. **To what type(s) of computing devices do students have greatest access?** *(Highlight all that apply, and add device age in the second column)*

| Device Type | Age of Devices |
|-------------|----------------|
| Android     |                |
| Chrome OS   |                |



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|         |        |
|---------|--------|
| iOS     |        |
| Linux   |        |
| OSX     |        |
| Windows | 1 year |

6. To what other education technology tools do students have regular access at your school? *(Highlight all that apply)*

|  |  |
|--|--|
| Digital Camera (stand-alone)<br>Video Camera (stand-alone)<br>Green Screen<br>Interactive Whiteboard | Videoconference Equipment<br>Apple TV<br>Document Reader<br>Classroom Amplification System |
| Other (describe):  |  |

7. Describe students' current use of education technology tools. Please include examples of how students use the tools.

Our students currently have access to technology by way of a computer lab. Students conduct research, create documents, presentations and flyers for school activities.

8. What is your school's vision for integration of technology to enhance student learning? *(Vision Statement)*

MSA-4 Venice's seeks to create a classroom that is blended and fosters the use of technology as more than an instructional tool for the teacher. It is our goal that students use technology to create and innovate. MPS' vision is to graduate students who are scientific thinkers that contribute to the global community as socially responsible and educated members of society.





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## Leadership and Change

- 9. Please list the name, position, and email address for each member of your Instructional Leadership Team (ILT). (Add or delete rows as needed.)**

| Name          | Position                  | Email Address                    |
|---------------|---------------------------|----------------------------------|
| Lisa Ross     | Principal                 | lross@magnoliapublicschools.org  |
| Musa Avsar    | College Counselor/Teacher | mavsar@magnoliapublicschools.org |
| Scott Smith   | Teacher                   | ssmith@magnoliapublicschools.org |
| Deirdre L Roy | Parent                    | dlroy39@yahoo.com                |
|               |                           |                                  |

- 10. Describe how students and parents will participate in planning and implementing instructional technology integration.**

We invite our parents to parent meetings where we discuss integration and seek their valuable input. We have also planned parent workshops around technology usage and digital safety to support our parents as partners in creating a student population who is globally aware and responsible.

We will also create a "Geek Squad" where students serve as technicians. They will be tasked with troubleshooting, presenting PD to teachers and provide training to parents.

- 11. How often does your ILT meet for planning that includes instructional technology integration?**

We meet weekly as a team.



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## Instructional Technology Integration Goals

### 12. List your instructional goals and strategies from the Local Control and Accountability Plan (LCAP) or Single Plan for Student Achievement (SPSA)

|  |  |
|--|--|
| <p><b>English Language Arts</b></p>            | <p><b>Goal: Students will attain proficiency in core subjects (ELA, Math, Science and History) and electives.</b></p> <p><b>Key Strategy(ies): Monitor students performance towards targets, including grades, state assessments, internal assessments and other benchmarks in each subject area.</b></p> <p><b>Provide additional supports and interventions as needed.</b></p> |
| <p><b>Math</b></p>                             | <p><b>Goal: Students will attain proficiency in core subjects (ELA, Math, Science and History) and electives.</b></p> <p><b>Key Strategy(ies): Monitor students performance towards targets, including grades, state assessments, internal assessments and other benchmarks in each subject area.</b></p> <p><b>Provide additional supports and interventions as needed.</b></p> |
| <p><b>English Learner Programs</b></p>         | <p><b>Goal: EL Students will gain EL proficiency through the implementation of CCSS.</b></p> <p><b>Key Strategy(ies): ELD instruction aligned to CCSS and monitor students progress. PD targeting strategies that support ELD.</b></p>   |
| <p><b>Additional Instructional Goal(s)</b></p> |  |

### 13. What goal(s) do you have for technology integration to support those instructional goals? The International Society for Technology in Education [student standards](#) (categories listed below) may provide an area of focus; or, you can choose "other" and describe your goal(s). *(Highlight selection[s] below)*

*Note: Standard 5, Digital Citizenship, is covered in a separate section of this plan.*



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|   |
|---|
| <b>Standard 1: Creativity</b> -- Students demonstrate creative thinking, construct knowledge, and develop innovative products and processes using technology.   |
| <b>Standard 2: Communication and Collaboration</b> -- Students use digital media and environments to communicate and work collaboratively, including at a distance, to support individual learning and contribute to the learning of others.                  |
| <b>Standard 3: Research and Information Fluency</b> -- Students apply digital tools to gather, evaluate, and use information.   |
| <b>Standard 4: Critical Thinking, Problem Solving, and Decision Making</b> -- Students use critical thinking skills to plan and conduct research, manage projects, solve problems, and make informed decisions using appropriate digital tools and resources. |
| <b>Standard 6: Technology Operations and Concepts</b> -- Students demonstrate a sound understanding of technology concepts, systems, and operations.  |
| <b>Other (describe):</b>  |

**14. How will you support grade level / departmental planning to achieve your instructional technology goals to enhance teaching and learning?** *You may want to use these templates ([elementary](#) / [secondary](#)) to create an overview of your plans. These examples may be helpful ([elementary](#) / [secondary](#)).*

Teachers will be given time by way of department meetings and be sent to technology based professional developments to provide relevant and up-to-date trends in blended education.  
[MSA4- Instruction Template](#)

**15. How do you plan to use technology to differentiate and personalize instruction and learning so that students who need more support receive it, while advanced students move at their own pace?**

MSA 4 Venice uses Fuel Ed, APEX and Revk-12 as a means by which to personalize and differentiate instruction. These programs allow for student learning to occur at a pace that is most conducive to the students' needs. This is done in a classroom with a teacher who is knowledgeable in the content area to serve a supportive facilitator.

We currently use MAP (Measures of Academic Progress) twice per year and formative



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assessments (McGraw Hill/teacher created) at regular intervals. We have also incorporated the interim assessments offered by CAASPP and spend time analyzing our CAASPP data.

**16. How will you use the Classroom Support Tool to monitor the quality of instruction that integrates technology to meet the goals you've set?**

We use peer-to-peer and department collaboration to support quality instruction that effectively integrates technology. Tech teacher leaders will be used. Our ILT will also provide consistent feedback and support to staff.

Implementing Google Classroom to empower students to create, participate, and collaborate effectively using Google Apps for Education, specifically Google Docs, sheets, forms, and slides, this allows for a Blended Learning format to tailor to the needs of each student. Students can also produce projects and participate in STEAM activities. Magnolia 4 will work to improve student literacy by implementing Accelerated Reader program. Reading assignments will be made based on student assessment data. The difficulty will be increased as student reading comprehension increases.

**17. How else will you measure progress toward your technology integration goals, and the impact that implementation is having on teaching and learning (e.g., student portfolios, showcase events, and other data)?**

Quantitative: CAASPP, grades, end-of-unit assessments, portfolios.

Qualitative: Our students will be able to create and maintain digital portfolios, present projects and collaborate on shared research papers.

**18. Does your school have a digital curriculum, and if so, what is your plan for using it to enhance student learning?**

Fuel Ed, APEX, McGraw ConnectEd, Study Sync, ALEKS, BrainPOP, Discovery Island, Word Press, Eliademy, Edmodo, DuoLingo, Quizlet and teacher created curriculum.



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The online platforms allow for personalization and differentiation of instruction. Our teachers will function as technology leaders/facilitators.

## Professional Learning Plan

**19. How will you facilitate professional learning?** *(Highlight any that apply)*

|   |   |
|---|---|
| Support school site sessions facilitated by ITF (after school and/or Saturdays) | Encourage other professional development supported by an expert                           |
| Develop a peer mentoring or coaching system                                     | Fund teacher attendance at conferences  |
| Schedule time during full staff meetings  | Schedule time during grade-level planning (elementary) or department planning (secondary) |
| Encourage student co-facilitation of professional development                   | Schedule faculty visits to exemplary school(s)  |
| Schedule opportunities for teachers to observe each other, co-plan, etc.        | Other (describe):   |

**20. How will you build capacity among teachers to sustain the continuing growth of teachers and students using technology as a tool to support teaching and learning?**

There will be time scheduled for teachers to work together to support one another - peer-to-peer collaboration. Teacher-leaders will be identified and used to assist others along in the process of seamlessly infusing technology into the instructional day. We will also visit schools that are further along in the implementation of technology and bring in outside experts.



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## Digital Citizenship

**21. What type of digital citizenship plan are you using? When and how will you introduce it to faculty? ([Sample Presentation](#))**

We will use Common Sense media. It was introduced to our faculty during one of our Tuesday staff/PD meetings.

**22. How will digital citizenship be introduced to your students?**

Host a kick off assembly followed by weekly lessons incorporated into our SSR/Advisory classes.

**23. Use the table below to develop a plan for *basic* digital citizenship education at each grade level. This [example](#) shows one of many ways in which you might organize Common Sense Media [lessons](#) so that students to have broad exposure to digital citizenship content without repetition from one year to the next.**

| Grade Level/Subject | Lesson Title(s)                               |
|---------------------|---|
| 6th                 | Stranger Danger                               |
| 7th                 | Sharing is not Caring on the Internet         |
| 8th                 | Golden Rule                                   |
| 9th                 | Would You like that to happen/be said to you? |
| 10th                | Hold Back Some in the Information Age.        |
| 11th                | Being the Best You Can Be                     |
| 12th                | Delete - Is it Really Gone?                   |
|                     |   |



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**24. What do you expect of students and faculty in regards to digital citizenship in one year? two years? three years? (e.g., special digital citizenship events; students' use of social media; citation of sources as early as first grade; evaluation of websites)**

1. Digital citizenship shared with students.
2. Students share digital citizenship with others in various ways.
3. Students are able to contribute and assist with the maintenance of the school's website.

**25. What professional development is needed to support those expectations?**

Teachers and students will need training on digital citizenship and exposure to the school's website. To achieve this, PD will be a not be segmented but will become more fluid in that technology will be incorporated throughout every aspect of Professional Development.

**26. What is your plan for parent education on digital citizenship?**

- Provide information on digital citizenship via brochure, flyer and link on school's website.
- Include a technology contract in our Student/Parent handbook.
- Share out information on digital citizenship at each parent meeting.
- Digital citizenship workshops.





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## Parents, Community, and Culture

**27. Describe your plan for parent education and involvement in the integration of technology for student learning.** *(How often will you have school-wide parent meetings? How will you publicize them? Will you have more frequent parent workshops? How frequently? Please be specific.)*

- Monthly parent meetings.
- Parent needs assessment surveys will be used to gather data to determine what trainings might be needed.
- Parental input for SPSA and LCAP.

**28. Who coordinates your parent education/involvement? (Please include name; position/role; email address; and phone number.)**

| Name      | Position  | Email Address                   |
|-----------|-----------|---------------------------------|
| Lisa Ross | Principal | lross@magnoliapublicschools.org |

# Cover Sheet

## Approval of Magnolia Science Academy-3 Denial of Receiving IPADS from LAUSD

**Section:** II. Action Items  
**Item:** F. Approval of Magnolia Science Academy-3 Denial of Receiving IPADS from LAUSD  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II F MSA 3 Denial of IPADS.pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

Text

|                     |   |
|---------------------|---|
| Board Agenda Item # | II F  |
| Date:               | December 10, 2015                                       |
| To:                 | Magnolia Board of Directors                             |
| From:               | Caprice Young, Ed.D., CEO & Superintendent              |
| Staff Lead:         | Steven Keskinturk, MSA-3 (Principal)                    |
| RE:                 | Approval of MSA3's denial of receiving iPads from LAUSD |

### Proposed Board Recommendation

I move that the board approve the denial of receiving iPads from LAUSD.

### Background

We have been receiving iPads from the LAUSD as a part of Proposition 39. In 2003, Proposition 39 imposed a mandatory duty on school districts to provide their charter school students facilities that are "reasonably equivalent" to those used by noncharter students within the district. The charter school facilities must be contiguous, similarly furnished and equipped and located near the area in which the charter wishes to locate.

Since MSA-3 purchased it's own Chromebooks for the State testing and classroom usage purposes there is no need for MSA-3 to receive IPADS from LAUSD. Upon approval of this motion, MSA-3 will return the iPads to LAUSD.

The denial is needed to be approved by the MPS Board as LAUSD requires before accepting the return of the IPADS.

### Budget Implications

No Budget implications

Name of Staff Originator:

Steven Keskinturk

### Attachments

LAUSD Letter requesting authorization

**MEMBERS OF THE BOARD**

**STEVE ZIMMER, PRESIDENT**  
**MÓNICA GARCÍA**  
**DR. GEORGE J. MCKENNA III**  
**MÓNICA RATLIFF**  
**DR. REF RODRIGUEZ**  
**SCOTT SCHMERELSON**  
**DR. RICHARD A. VLADOVIC**



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

**Administrative Office**  
**333 South Beaudry Avenue, 24<sup>th</sup> Floor**  
**Los Angeles, California 90017**  
**Telephone: (213) 241-7000**  
**Fax: (213) 241-8442**

**RAMON C. CORTINES**  
**SUPERINTENDENT OF SCHOOLS**

December 8, 2015

Steven Keskindurk  
Magnolia Science Academy #3 Charter School  
1254 East Helmick Street  
Carson, CA 90746

**RE: NONPARTICIPATION IN LAUSD INFORMATION TECHNOLOGY INITIATIVE**

Dear Charter School Operator,

This shall confirm that Magnolia Science Academy #3 ("Charter School") has voluntarily declined to participate in the Los Angeles Unified School District's ("District") Instructional Technology Initiative ("ITI"). As a result, Charter School will not receive, or be permitted to use, any District-owned furniture and equipment pursuant to the ITI (including, but not limited to, technology devices/software, supplies and other personal property, and related information technology support services) ("F&E") offered by the District to Charter School.

Charter School is co-located on a District-owned school site for the current school year pursuant to Proposition 39 (Ed. Code section 47614) ("Prop. 39") and the State Board of Education's implementing regulations (Title 5, C.C.R., sections 11969.1 – 11969.9) ("Implementing Regulations") (Ed. Code section 47614 and the Implementing Regulations are collectively referred to as "Prop. 39"). Charter School acknowledges that the F&E declined by Charter School is reasonably equivalent to, or better than, the furniture and equipment provided in Charter School's comparison group of schools in accordance with Prop. 39. Charter School further acknowledges that it has no legal or equitable right to participate in the ITI for the current school year or thereafter.

Please confirm Charter School's acknowledgement of the above by having an authorized representative of Charter School sign in the space below and returning this document to the undersigned via email at [sophia.mendoza@lausd.net](mailto:sophia.mendoza@lausd.net).

Sincerely,

A handwritten signature in black ink that reads "Sophia Mendoza".

Sophia Mendoza  
Interim Director

**NONPARTICIPATION IN LAUSD INFORMATION TECHNOLOGY INITIATIVE**

December 8, 2015

Page 2 of 2

**RE: NONPARTICIPATION IN LAUSD INFORMATION TECHNOLOGY INITIATIVE**

By signing below, I represent that I have the authority to sign this document, and provide confirmation on behalf of Charter School.

---

**Name:**

---

**Title:**

---

**Signature**

---

**Date**

# Cover Sheet

## Approval of MSA-SA Fiscal Corrective Action Plan (FCAP)

**Section:** II. Action Items  
**Item:** G. Approval of MSA-SA Fiscal Corrective Action Plan (FCAP)  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II G Santa Ana Fiscal Corrective Action Plan (FCAP).pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

|                     |  |
|---------------------|--|
| Board Agenda Item # | II G   |
| Date:               | December 10, 2015                              |
| To:                 | MPS Board of Directors                         |
| From:               | Caprice Young, Ed.D., CEO & Superintendent     |
| Staff Lead:         | Laura Schlottman, Principal MSA- Santa Ana     |
| RE:                 | Santa Ana Fiscal Corrective Action Plan (FCAP) |

### Proposed Board Recommendation

I move that the board adopt the Fiscal Corrective Action Plan. This agenda item constitutes the FCAP.

### Background

On December 3, 2015, Magnolia Public Schools received the attached letter of concern regarding the low enrollment numbers at MPS Santa Ana. It requests that the board approve a Fiscal Corrective Action Plan and that the FCAP be delivered to CDE by December 17, 2015. Their primary concern is that the board has been appropriately notified of the enrollment and has taken appropriate steps to manage the overall financial situation. As you are already aware of the financial challenges faced by the school during the construction period, this FCAP contains information previously presented.

The enrollment figures for 2015 (146) represent an increase in enrollment over 2014-15 but a 42% decrease in enrollment from our budgeted figures for 2015-16. This stems from a number of factors.

Our temporary facility is located in a hard to reach area of Costa Mesa (which is actually part of the Santa Ana USD). Fortunately, the state has maintained it's commitment to support our new building with \$17.4 million in bonds and that new facility is anticipated to open on time next August.

This year, we were overly optimistic about families' willingness to begin at a school that would be moving the following year. Families that lived close to the current facility felt that the new facility would be too far away. Families near the new facility opted to wait for the new building. An end of year shift to a new principal in June 2015 compounded these challenges. Outreach efforts are underway and the students are thriving. Our EL population is doing especially well, with redesignation rates at fifty percent even at this early point in the year.

From a financial perspective, we have minimized budget expenditures while being careful not to decrease the quality of the program. In order to maintain a broad curriculum, we have augmented site offerings with high quality online programs through FuelEd. In addition, the home office has provided support to the by assigning an experience senior administrator to provide coverage,



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mentoring, blended learning development, data usage training and advanced science programs. As you are also aware, the home office has facilitated cash flow loans to MSA Santa Ana that will be repaid as the enrollment increases over time. (Revised budget from previous board meeting attached.)

As you are aware, we have hired an Orange County Regional Director who has added to the already extensive enrollment outreach for the coming year. When we move into the new school, we also will open our elementary grade levels. This will provide opportunities for students throughout the K-12 spectrum in the heart of the most underserved neighborhood of Santa Ana.

## Budget Implications

The budget implications of the Santa Ana cash flow loans were previously addressed by the board.

## Name of Staff Originator:

Caprice Young, Ed.D., CEO & Superintendent

## Attachments

Letter of Concern

October 8, 2015 board report and operating loan action

Five Year Financial Estimate





CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**

STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

*Sent via First Class Mail and E-mail to:*

[lbschlottman@magnoliapublicschools.org](mailto:lbschlottman@magnoliapublicschools.org)

December 3, 2015

Laura Schlottman, Principal  
Magnolia Science Academy–Santa Ana  
102 Baker Street East  
Costa Mesa, CA 92626

Subject: Letter of Concern Regarding Enrollment and Fiscal Corrective Action Plan

Dear Principal Schlottman:

The purpose of this letter is to inform the Magnolia Science Academy–Santa Ana (MSA–SA) of the California Department of Education’s (CDE) concerns over the latest fiscal year (FY) 2015–16 enrollment reported to the CDE’s Charter Schools Division.

The MSA–SA preliminary budget projected an enrollment count of 250 pupils for FY 2015–16. As of November 19, 2015, MSA–SA’s latest report to the CDE reflects actual enrollment at 146 pupils or a 42 percent decline from the enrollment projected in the preliminary budget.

MSA–SA’s 2015–16 budget was based on a higher enrollment count. The current decline in enrollment will have a significant negative impact on MSA–SA’s budget. As a result, the budget revenues and expenditures submitted to the CDE are no longer realistic and will have to be revised.

To remedy this concern, the CDE is requesting that MSA–SA provide a Fiscal Corrective Action Plan (FCAP) that includes the following:

- Written narrative explaining what caused the decline in anticipated enrollment and what steps will be taken to address the decline
- Written narrative on what budget actions have been taken to date to adjust to the lower enrollment numbers
- Revised multiyear budget and cash flow statements for the current FY 2015–16 and two subsequent FYs (2016–17 and 2017–18) with written detailed assumptions included that reflect MSA–SA’s resolution on addressing the unanticipated enrollment decline

Laura Schlottman, Principal  
December 3, 2015  
Page 2

- MSA–SA board agenda and scheduled meeting date acknowledging the FCAP

Please mail the FCAP outlined above to:

Charter Schools Division  
Charter Schools Oversight Unit  
California Department of Education  
1430 N Street, Suite 5401  
Sacramento, California 95814

The FCAP must be received no later than **5 p.m. on December 17, 2015.**

If MSA–SA is unable to provide the requested FCAP, the CDE may request that the State Board of Education consider these matters for possible action.

If you have any questions or need any additional information regarding this subject, please contact Kylie Kwok, Education Fiscal Services Consultant, Charter Schools Division, by phone at 916-319-0498 or by e-mail at [kkwok@cde.ca.gov](mailto:kkwok@cde.ca.gov).

Sincerely,

/s/

Cindy S. Chan, Director  
Charter Schools Division

CSC:bf

cc: Karen Stapf Walters, Executive Director, California State Board of Education  
Nick Schweizer, Deputy Superintendent, Services for Administration, Finance,  
Technology, and Infrastructure Branch, California Department of  
Education



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

|                     |   |
|---------------------|---|
| Board Agenda Item # | IIF   |
| Date:               | 10.02.2015  |
| To:                 | Magnolia Board of Directors   |
| From:               | Caprice Young, Ed.D.<br>CEO & Superintendent  |
| Staff Lead:         | Oswaldo Diaz  |
| RE:                 | Resolution Authorizing the Revision of the Home Office<br>Intra-Company Loan to MSA Santa Ana |

### Proposed Board Recommendation

I move that the board adopt the revision of the Home Office Intra-Company loan to MSA Santa Ana as presented in the board agenda, item IIF.

### Background

Magnolia Science Academy Santa Ana is expected to experience a cash flow shortage for FY 2015-16 due to an expected operating loss totaling \$ 327,000. The operating loss is primarily due to the current enrollment of 145 students as of October 1, 2015.

Based on the estimated operating expenses that will be incurred during FY 2015-16, MSA Santa Ana requires that the current board-approved loan be increased by an additional \$200,000 to a total of \$700,000. This increase will assist MSA-SA to mitigate the temporary financial hardship and to provide funds that will be used for the operation of MSA-SA during the current FY 2015-16.

A potential risk associated with this loan is that the school will be unable to pay due to mitigating circumstances related to one-time unexpected expenses and/or low student enrollment.

This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

### Budget Implications

No Budget Implications

Attachments:

1. Loan Document

Name of Staff Originator: Oswaldo Diaz, CFO



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## MSA-SANTA ANA INTRA-COMPANY LOAN

### Summary

Based on the current estimated operating expenses for FY 2015-16, MSA Santa Ana is required to receive a loan totaling \$700,000 from the Home Office to mitigate the temporary financial hardship. This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

### Intra-Company Loan Terms

Total Revised Loan Amount: \$ 700,000

|                        |                   |           |
|------------------------|-------------------|-----------|
| Date of Disbursements: | March 25, 2015    | \$100,000 |
|                        | April 25, 2015    | \$100,000 |
|                        | May 25, 2015      | \$50,000  |
|                        | June 26, 2015     | \$80,000  |
|                        | October 25, 2015  | \$100,000 |
|                        | November 25, 2015 | \$ 70,000 |
|                        | December 25, 2015 | \$200,000 |

Repayment Period: 1 year

Interest Rate: 0.00%

### Intra-Company Repayment Schedule

Repayment schedule will include eleven (11) payments as follows:

| Date                  | Payment Amount    |
|-----------------------|-------------------|
| 09/30/2015            | 37,500.00         |
| 1/31/2016             | 12,500.00         |
| 2/28/2016             | 25,000.00         |
| 3/31/2016             | 25,000.00         |
| 4/30/2016             | 25,000.00         |
| 5/31/2016             | 25,000.00         |
| 6/30/2016             | 25,000.00         |
| 7/31/2016             | 25,000.00         |
| 9/30/2016             | 150,000.00        |
| 10/31/2016            | 150,000.00        |
| 11/30/2016            | 200,000.00        |
| <b>Total Payments</b> | <b>700,000.00</b> |



# MAGNOLIA PUBLIC SCHOOLS

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## RESOLUTION AUTHORIZING THE REVISION OF HOME OFFICE INTRA-COMPANY LOAN TO MSA SANTA ANA

Resolution \_\_\_\_\_

WHEREAS, MSA Santa Ana requires an increase temporary loan of \$200,000 (from the original loan of \$500,000) up to \$700,000 from the Home Office to mitigate the temporary financial hardship;

NOW, THEREFORE BE IT RESOLVED THAT

The Board of Magnolia Educational and Research Foundation have approved the temporary intra-company loan up to \$700,000 to MSA Santa Ana from the Home Office in accordance with the stipulated loan terms;

PASSED AND ACCEPTED THE 8<sup>TH</sup> DAY OF October 2015.  
Magnolia Educational and Research Foundation A California non-profit corporation.

\_\_\_\_\_  
Secretary of the Board

\_\_\_\_\_  
Date



## Magnolia Science Academy - Santa Ana

### Loan Disbursements and Payments

#### Intra-Company Loan Terms

Board Approved Loan Amount: \$ 500,000.00

Date Payments Begin: September 30, 2015

Repayment Period: 1 year

Interest Rate: 0.00%

| Date                                      | Description           | Amount      | Balance           |
|---|-----------------------|-------------|-------------------|
| 3/26/2015                                 | 1st Loan Disbursement | 100,000.00  | 100,000.00        |
| 4/30/2015                                 | 2nd Loan Disbursement | 100,000.00  | 200,000.00        |
| 5/27/2015                                 | 3rd Loan Disbursement | 50,000.00   | 250,000.00        |
| 6/26/2015                                 | 4th Loan Disbursement | 80,000.00   | 330,000.00        |
| 9/29/2015                                 | Loan Repayment        | (37,500.00) | 292,500.00        |
| <b>Loan Balance as of October 1, 2015</b> |                       |             | <b>292,500.00</b> |

|   |                            |
|---|----------------------------|
| Board Approved Loan Amount: \$ 500,000.00   | 500,000.00                 |
| Less: Loan Disbursements as of 10/01/2015   | <u>(330,000.00)</u>        |
| Remaining Loan Disbursements                | 170,000.00                 |
| Expected Operating Loss as of June 30, 2016 | <u>(326,579.00)</u>        |
| <b>Estimated Cash Requirements</b>          | <b><u>(156,579.00)</u></b> |

**Magnolia Science Academy - Santa Ana**  
Revised 2015-16 Budget

|   | <b>Budget</b>                    |                   |  |
|---|----------------------------------|-------------------|--|
|   | Approved<br>Budget<br>06/19/2015 | Revised<br>Budget | (Approved<br>Budget vs.<br>Revised Budget) |
| <b>SUMMARY</b>                                      |                                  |                   |  |
| <b>Revenue</b>                                      |                                  |                   |  |
| General Block Grant                                 | 1,931,126                        | 1,136,266         | (794,860)                                  |
| Federal Revenue                                     | 340,684                          | 290,627           | (50,056)                                   |
| Other State Revenues                                | 161,998                          | 305,292           | 143,294                                    |
| Local Revenues                                      | 34,000                           | 34,000            | -  |
| Fundraising and Grants                              | 20,000                           | 17,500            | (2,500)                                    |
| <b>Total Revenue</b>                                | <b>2,487,808</b>                 | <b>1,783,685</b>  | <b>(704,123)</b>                           |
| <b>Expenses</b>                                     |                                  |                   |  |
| Compensation and Benefits                           | 1,285,358                        | 1,092,089         | 193,269                                    |
| Books and Supplies                                  | 246,400                          | 378,294           | (131,894)                                  |
| Services and Other Operating Expenditures           | 650,024                          | 621,611           | 28,413                                     |
| Capital Outlay                                      | -                                | -                 | -  |
| <b>Total Expenses</b>                               | <b>2,181,781</b>                 | <b>2,091,993</b>  | <b>89,788</b>                              |
| <b>Operating Income (excluding Depreciation)</b>    | <b>306,026</b>                   | <b>(308,309)</b>  | <b>(614,335)</b>                           |
| <i>Operating Income (including Depreciation)</i>    | 275,526                          | (326,579)         | (602,105)                                  |
| <b>Fund Balance</b>                                 |                                  |                   |  |
| Beginning Restricted Balance (Unaudited)            | 276,785                          | 2,040,698         |  |
| Beginning Unrestricted Balance (Unaudited)          |                                  | 260,012           |  |
| Total Beginning Balances                            | 276,785                          | 2,300,710         |  |
| Operating Income (including Depreciation)           | 275,526                          | (326,579)         |  |
| Unrestricted Fund Balance                           |                                  | (66,567)          |  |
| Restrcted Fund Balance                              |                                  | 2,040,698         |  |
| <b>Ending Fund Balance (including Depreciation)</b> | <b>552,312</b>                   | <b>1,974,131</b>  |  |
| <b>Total Enrolled</b>                               | <b>250</b>                       | <b>145</b>        | (105)                                      |
| Total ADA   | <b>242.5</b>                     | <b>140.7</b>      | (102)                                      |

**Magnolia Science Academy - Santa Ana**

Revised 2015-16 Budget

|  |   | <b>Budget</b>                    |                   |  |
|--|---|----------------------------------|-------------------|--|
|  |   | Approved<br>Budget<br>06/19/2015 | Revised<br>Budget | (Approved<br>Budget vs.<br>Revised Budget) |
| <b>LCFF Entitlement</b>                  |   |                                  |                   | -  |
| 8011                                     | Charter Schools LCFF - State Aid          | 1,882,626                        | 874,197           | (1,008,429)                                |
| 8012                                     | Education Protection Account Entitlement  | 48,500                           | 28,130            | (20,370)                                   |
| 8096                                     | Charter Schools in Lieu of Property Taxes | -                                | 233,939           | 233,939                                    |
|  |   | 1,931,126                        | 1,136,266         | (794,860)                                  |
| <b>8100 Federal Revenue</b>              |   |                                  |                   |  |
| 8181                                     | Special Education - Entitlement           | 30,684                           | 27,057            | (3,627)                                    |
| 8220                                     | Child Nutrition Programs                  | 63,000                           | 35,872            | (27,128)                                   |
| 8291                                     | Title I                                   | 45,000                           | 26,705            | (18,295)                                   |
| 8292                                     | Title II                                  | 2,000                            | 465               | (1,535)                                    |
| 8293                                     | Title III                                 | -                                | 528               | 528  |
| 8298                                     | Implementation Grant                      | 200,000                          | 200,000           | -  |
| <b>SUBTOTAL - Federal Income</b>         |   | 340,684                          | 290,627           | (50,056)                                   |
| <b>8300 Other State Revenues</b>         |   |                                  |                   |  |
| 8380                                     | Special Ed                                | 15,000                           | 15,000            | -  |
| 8381                                     | Special Education - Entitlement (State)   | 121,250                          | 69,671            | (51,579)                                   |
| 8520                                     | Child Nutrition - State                   | -                                | 4,138             | 4,138                                      |
| 8545                                     | School Facilities Apportionments          | -                                | 105,488           | 105,488                                    |
| 8550                                     | Mandated Cost Reimbursements              | -                                | 5,256             | 5,256                                      |
| 8560                                     | State Lottery Revenue                     | 25,748                           | 22,785            | (2,963)                                    |
| 8590                                     | All Other State Revenue                   | -                                | 82,954            | 82,954                                     |
| <b>SUBTOTAL - Other State Income</b>     |   | 161,998                          | 305,292           | 143,294                                    |
| <b>8600 Other Local Revenue</b>          |   |                                  |                   |  |
| 8634                                     | Food Service Sales                        | 9,000                            | 9,000             | -  |
| 8636                                     | Uniforms                                  | 15,000                           | 15,000            | -  |
| 8693                                     | Field Trips                               | 10,000                           | 10,000            | -  |
| 8999                                     | Uncategorized Revenue                     | -                                | -                 | -  |
| <b>SUBTOTAL - Local Revenues</b>         |   | 34,000                           | 34,000            | -  |
| <b>8800 Donations/Fundraising</b>        |   |                                  |                   |  |
| 8801                                     | Donations - Parents                       | 10,000                           | 7,500             | (2,500)                                    |
| 8803                                     | Fundraising                               | 10,000                           | 10,000            | -  |
| <b>SUBTOTAL - Fundraising and Grants</b> |   | 20,000                           | 17,500            | (2,500)                                    |
| <b>TOTAL REVENUE</b>                     |   | <b>2,487,808</b>                 | <b>1,783,685</b>  | <b>(704,123)</b>                           |



**Magnolia Science Academy - Santa Ana**

## Revised 2015-16 Budget

|  |  | <b>Budget</b>                    |                   |  |
|--|--|----------------------------------|-------------------|--|
|  |  | Approved<br>Budget<br>06/19/2015 | Revised<br>Budget | (Approved<br>Budget vs.<br>Revised Budget) |
| <b>EXPENSES</b>                          |  |                                  |                   |  |
| <b>Compensation &amp; Benefits</b>       |  |                                  |                   |  |
| <b>Certificated Employees Summary</b>    |  |                                  |                   |  |
| 1100                                     | Teachers Salaries                                | 785,743                          | 661,087           | 124,656                                    |
| 1300                                     | Certificated Supervisor & Administrator Salaries | 142,825                          | 87,290            | 55,535                                     |
| <b>SUBTOTAL - Certificated Employees</b> |  | <b>928,568</b>                   | <b>748,377</b>    | <b>180,191</b>                             |
| <b>Classified Employees Summary</b>      |  |                                  |                   |  |
| 2400                                     | Classified Clerical & Office Salaries            | 35,836                           | 66,149            | (30,313)                                   |
| 2900                                     | Classified Other Salaries                        | 42,560                           | 61,706            | (19,146)                                   |
| <b>SUBTOTAL - Classified Employees</b>   |  | <b>78,396</b>                    | <b>127,854</b>    | <b>(49,458)</b>                            |
| <b>Employee Benefits</b>                 |  |                                  |                   |  |
| 3000                                     | <b>Employee Benefits</b>                         |                                  |                   |  |
| 3100                                     | STRS   | 86,309                           | 73,449            | 12,859                                     |
| 3200                                     | PERS   | 4,245                            | 7,692             | (3,447)                                    |
| 3300                                     | OASDI-Medicare-Alternative                       | 27,162                           | 27,162            | -  |
| 3400                                     | Health & Welfare Benefits                        | 136,000                          | 98,889            | 37,111                                     |
| 3500                                     | Unemployment Insurance                           | 503                              | 503               | -  |
| 3600                                     | Workers Comp Insurance                           | 10,674                           | 8,161             | 2,512                                      |
| 3900                                     | Other Employee Benefits                          | 13,500                           | -                 | 13,500                                     |
| <b>SUBTOTAL - Employee Benefits</b>      |  | <b>278,393</b>                   | <b>215,858</b>    | <b>62,536</b>                              |
| <b>Books &amp; Supplies</b>              |  |                                  |                   |  |
| 4000                                     | <b>Books &amp; Supplies</b>                      |                                  |                   |  |
| 4100                                     | Approved Textbooks & Core Curricula Materials    | 47,500                           | 156,000           | (108,500)                                  |
| 4200                                     | Books & Other Reference Materials                | 10,900                           | 10,330            | 570  |
| 4320                                     | Educational Software                             | 5,000                            | 4,739             | 261  |
| 4325                                     | Instructional Materials & Supplies               | 45,000                           | 45,000            | -  |
| 4330                                     | Office Supplies                                  | 20,000                           | 20,000            | -  |
| 4400                                     | Noncapitalized Equipment                         | 12,500                           | 12,500            | -  |
| 4410                                     | Classroom Furniture, Equipment & Supplies        | 11,000                           | 21,000            | (10,000)                                   |
| 4420                                     | Computers (individual items less than \$5k)      | -                                | 50,000            | (50,000)                                   |
| 4710                                     | Student Food Services                            | 94,500                           | 58,625            | 35,875                                     |
| 4720                                     | Other Food                                       | -                                | 100               | (100)                                      |
| <b>SUBTOTAL - Books and Supplies</b>     |  | <b>246,400</b>                   | <b>378,294</b>    | <b>(131,894)</b>                           |

## Magnolia Science Academy - Santa Ana

Revised 2015-16 Budget

|  |   | <b>Budget</b>                    |                   |  |
|--|---|----------------------------------|-------------------|--|
|  |   | Approved<br>Budget<br>06/19/2015 | Revised<br>Budget | (Approved<br>Budget vs.<br>Revised Budget) |
| <b>5000</b>                                  | <b>Services &amp; Other Operating Expenses</b>        |                                  |                   |  |
| 5101   | CMO Fees  | 60,000                           | 60,000            | -  |
| 5200   | Travel & Conferences                                  | 40,000                           | 20,000            | 20,000                                     |
| 5215   | Travel - Mileage, Parking, Tolls                      | -                                | 20,000            | (20,000)                                   |
| 5300   | Dues & Memberships                                    | 6,000                            | 5,333             | 667  |
| 5450   | Insurance - Other                                     | 13,750                           | 13,750            | -  |
| 5500   | Operations & Housekeeping                             | -                                | 5,000             | (5,000)                                    |
| 5510   | Utilities - Gas and Electric                          | 7,800                            | 2,800             | 5,000                                      |
| 5605   | Equipment Leases                                      | 5,400                            | 3,672             | 1,728                                      |
| 5610   | Rent  | 228,000                          | 209,000           | 19,000                                     |
| 5615   | Repairs and Maintenance - Building                    | 12,000                           | 12,000            | -  |
| 5803   | Accounting & Audit Fees                               | 3,009                            | 3,009             | -  |
| 5809   | Banking Fees  | 500                              | 1,400             | (900)                                      |
| 5822   | Other Professional Services                           | 15,000                           | 15,000            | -  |
| 5824   | District Oversight Fees                               | 19,311                           | 11,363            | 7,949                                      |
| 5843   | Interest - Loans Less than 1 Year                     | 500                              | 500               | -  |
| 5845   | Legal Fees  | 25,000                           | 25,000            | -  |
| 5851   | Marketing and Student Recruiting                      | 24,000                           | 24,000            | -  |
| 5857   | Payroll Fees  | 3,600                            | 2,880             | 720  |
| 5863   | Professional Development                              | 19,000                           | 19,000            | -  |
| 5869   | Special Education Contract Instructors                | 112,000                          | 112,000           | -  |
| 5872   | Special Education Encroachment                        | 6,077                            | 3,869             | 2,208                                      |
| 5884   | Substitutes   | 26,276                           | 26,276            | 0  |
| 5887   | Technology Services                                   | 18,000                           | 17,059            | 941  |
| 5899   | Miscellaneous Operating Expenses                      | -                                | -                 | -  |
| 5900   | Communications  | -                                | 3,900             | (3,900)                                    |
| 5915   | Postage and Delivery                                  | 4,800                            | 4,800             | -  |
|  | <b>SUBTOTAL - Services &amp; Other Operating Exp.</b> | <b>650,024</b>                   | <b>621,611</b>    | <b>28,413</b>                              |
| <b>6000</b>                                  | <b>Capital Outlay</b>                                 |                                  |                   |  |
| 6100   | Sites & Improvement of Sites                          | -                                | -                 | -  |
|  | <b>SUBTOTAL - Capital Outlay</b>                      | <b>-</b>                         | <b>-</b>          | <b>-</b>                                   |
| <b>TOTAL EXPENSES</b>                        |   | <b>2,181,781</b>                 | <b>2,091,993</b>  | <b>89,788</b>                              |
| <b>6900</b>                                  | <b>Total Depreciation (includes Prior Years)</b>      | <b>30,500</b>                    | <b>18,270</b>     | <b>12,230</b>                              |
| <b>TOTAL EXPENSES including Depreciation</b> |   | <b>2,212,281</b>                 | <b>2,110,263</b>  | <b>102,018</b>                             |

**CHARTER SCHOOL FACILITIES PROGRAM  
2011 LOTTERY FUNDING ROUND  
STAFF SUMMARY REPORT – MAY 2015**

|  |  |
|--|--|
| <b>Applicant/Obligor:</b>                      | Magnolia Educational and Research Foundation |
| <b>Project School:</b>                         | Magnolia Science Academy – Santa Ana         |
| <b>CDS (County – District – School) Code:</b>  | 09-76596-0119537                             |
| <b>Proposed Project Location:</b>              | 2840 W First Street, Santa Ana, CA           |
| <b>Project Type:</b>                           | New Construction                             |
| <b>County:</b>                                 | Orange                                       |
| <b>District in which Project is Located:</b>   | San Ana Unified School District              |
| <b>Charter Authorizer:</b>                     | California State Board of Education          |
| <b>Total OPSC Project Cost:</b>                | \$17,413,956                                 |
| <b>State Apportionment (50% Project Cost):</b> | \$8,706,978                                  |
| <b>Lump Sum Contribution:</b>                  | \$0  |
| <b>Total CSFP Financed Amount:</b>             | \$8,706,978                                  |
| <b>Length of CSFP Funding Agreement:</b>       | 30 years                                     |
| <b>Assumed Interest Rate:</b>                  | 3.00%  |
| <b>Estimated Annual CSFP Payment:</b>          | \$521,674                                    |
| <b>First Year of Occupancy of New Project:</b> | 2016-17                                      |

**Staff Recommendation:** Staff recommends that the California School Finance Authority (CSFA) Board determine that the Magnolia Educational and Research Foundation (MERF), applying on behalf of Magnolia Science Academy – Santa Ana (MSA-SA) formerly Pacific Technology School – Santa Ana, is financially sound for purposes of the CSFP Final Apportionment. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon MERF electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

**Background:** In June 2011, MERF requested for an advance of \$4,081,395 for Site Acquisition and Design on behalf of MSA-SA (formerly known as Pacific Technology School – Santa Ana) under the Program’s 2011 Lottery Funding Round. MERF received preliminary apportionment for Magnolia Science Academy – San Diego in the amount of \$3,036,122. MERF, on behalf of MSA-SA, is now requesting Final Apportionment. As MERF is the applicant and financial obligor, a discussion of the broader issues with MERF’s financial soundness is included in this report.

**Application Highlights:** Below staff has highlighted key criteria that was evaluated when conducting the financial soundness review of MERF and MSA-SA. Detailed information is contained in the body of the report.

| Criteria                | Comments   |
|-------------------------|--|
| Eligibility Criteria    | MSA-SA have met all Program eligibility criteria: 1) charter in place; 2) MSA-SA has been in operation for at least two years and 3) MSA-SA is in compliance with the terms of their charter and in good standing with their chartering entity.  |
| Demographic Information | <ol style="list-style-type: none"> <li>1. MSA-SA currently serves 160 students in grades 6-12 in 2014-15. The CSFP project will have capacity for approximately 1,000 students in grades K-12 by 2018-19. Staff notes the aggressive enrollment projections and stress tested the affordability of the project if lower enrollment occurs.</li> <li>2. MERF currently operates 11 schools with total enrollment of 3,740. Enrollment has grown from 2,608 students in 2010-11. MERF achieved a strong aggregate ADA rate of 97% from 2012-13 through 2014-15.</li> </ol> |
| Debt Service Coverage   | MERF's projected debt service coverage ratios of 1,054% in 2017-18 and 1,121% in 2018-19 exceed the minimum requirement of 100.0% by a wide margin. However, MERF's ability to meet the minimum debt service coverage is highly dependent on MERF realizing projected enrollment at existing schools (5,040 students by 2017-18 and 5,480 students in 2018-19). MERF's enrollment must be approximately 4,700 students in 2017-18 and 2018-19 to generate projected debt service coverage of at least 100.0%.  |
| Other Financial Factors | <ol style="list-style-type: none"> <li>1. MERF has a relatively small reliance on contributions from private sources. Contributions are projected to constitute only 2% of revenues in 2017-18 and 2018-19.</li> <li>2. The CSFP payment along with MERF's other projected facilities costs would represent 6% of projected revenues during the first two years of the CSFP payment.</li> <li>3. Net working capital for 2013-14 of \$7.99 million represented 29.5% of total expenses, which exceeds the preferred minimum of 5.0%.</li> </ol>                          |
| Student Performance     | MSA-SA did not meet all AYP in 2012-13 but has shown gradual improvement in API growth scores, achieving scores of 777, 839, and 850 for 2010-11 through 2012-13, respectively.  |

**Program Eligibility:** On October 16, 2014, staff received verification from the California State Board of Education (SBE), MSA-SA charter authorizer, confirming that MSA-SA is: 1) in compliance with the terms of its charter agreement, and 2) is in good standing with its chartering authority. MSA-SA's initial charter was approved on March 12, 2009, was renewed on July 9, 2014, and is effective through June 30, 2019. MSA-SA commenced instructional operations in 2009-10.

**Legal Status Questionnaire:** Staff reviewed the response to the questions contained in the Legal Status Questionnaire (LSQ) for MSA-SA. MERF answered "Yes" to a LSQ question(s). CSFA staff and counsel have reviewed the facts surrounding the disclosure(s) and have determined that the potential liability does not impact the organization's ability to make its CSFP payments should MERF be granted an apportionment nor a determination of financial soundness.

**Project Description:** MSA-SA is proposing new construction of a facility at 2840 West 1<sup>st</sup> Street, Santa Ana, involving construction of a brand new school structure. The new facility will consist of one building housing 29-33 classrooms, and is anticipated for completion for the 2016-17 school year. The school is anticipated to have capacity for 1,020 students in grades K-12. MSA-SA was given a preliminary apportionment of \$17,413,956 of which \$4,081,395 was provided for site acquisition in June 2011.

**Organization Information:** MSA-SA commenced instructional operations in 2009-10 with 63 students in grades 6 through 8, currently has an enrollment of 160 students in grades 6 through 12, and anticipates expansion to grades K-12. MSA-SA operates as an independent charter school under the auspices of MERF, an educational management organization (EMO) (described below). Through its management staff and Board of Directors, MERF is largely responsible for developing MSA-SA's curriculum, educational priorities, and policies, as well as overseeing the day-to-day operations of the school in conjunction with the school's principal.

**Charter Management Organization:** Magnolia Educational and Research Foundation is a non-profit organization founded in 1997, becoming a 501(c)(3) entity in 1998. MERF established itself as an organization to provide tutoring prior to establishing its first charter school, Magnolia Science Academy, in 2002. Altogether, MERF oversees eleven charter schools. Eight of the schools, including MSA-1, MSA-2, MSA-3, MSA-4, MSA-5, MSA-6, MSA-7, and MSA-Bell operate in Los Angeles County with LAUSD as the charter authorizer. Among the three schools that operate outside of Los Angeles County, MSA-SD (San Diego County) is authorized by the San Diego Unified School District, MSA-Santa Clara (Santa Clara County) is authorized by the Santa Clara County Office of Education, and MSA-SA (Orange County) is authorized by the State Board of Education.

MERF's educational philosophy and mission are to serve students in grades K-12 by: (1) preparing students to become responsible, educated citizens who have the skills and understanding to participate and work productively in a diverse, multicultural, globally oriented environment; (2) providing a sound educational plan with emphasis on math, science and technology; and (3) providing a rigorous, innovative, and challenging enhanced curriculum with a focus on preparing students to attend the universities of their choice. The prospective student population will likely represent the demographics of the local communities in which the students reside, which are primarily in the metropolitan areas of Los Angeles, and other metropolitan areas throughout the state. MERF specifically targets low-achieving students, English language learners, and students coming from socio-economically disadvantaged families.

**Management Experience:** The resumes of the school's personnel and the management team demonstrate professional, experienced and qualified individuals serving in key capacities within the organization, as described below.

**CMO Management:** MERF recently came under public scrutiny, specifically with audits having been performed by the LAUSD Office of the Inspector General and the Joint Legislative Audit Committee (JLAC). Given the findings in the LAUSD audit, LAUSD as the charter authorizer to numerous MERF schools attempted to revoke three MERF charters up for renewal. The LAUSD audit implied MERF had misappropriated public of funds and was on the verge of insolvency. MERF filed a lawsuit against LAUSD to maintain its charters. A subsequent JLAC audit found that LAUSD prematurely moved to revoke MERF charters and did not find sufficient evidence to support the misappropriated public of funds and insolvency claims, rather a lack of certain key financial procedures and policies

that led to questionable MERF expenditures. MERF and LAUSD settled the lawsuit in March 2015 and LAUSD subsequently renewed the three MERF charters.

MERF management has had changes in key positions with a new Chief Executive Officer, Chief Financial Officer and Chief Academic Officer. However, Staff views the changes in management as a positive development for MERF and will allow management to be less reliant on outsourced back-office operators and consultants. As part of the lawsuit settlement with LAUSD, MERF agreed to limit its involvement with the former back-office provider Accord Institute. Going forward, seven new committees have been established by MERF management (Finance, Audit, Governance, Personnel, Academics, Facilities, and Community) to ensure MERF is taking proper measures to preserve liquidity and implementing conservative planning for future growth.

Dr. Caprice Young serves as MERF's Chief Executive Officer. Dr. Young has an extensive history of improving operations at CMOs. She played an integral role in in acquiring charter renewals from LAUSD and bringing stability to MERF's operations. Prior to this role, Dr. Young served in a similar capacity to the Inner City Education Foundation. Dr. Young served as Executive Director of the California Charter School Association from 2003 to 2008. Dr. Young holds an Ed.D. from the University of California Los Angeles, an M.P.A. from University of Southern California, and a B.A. from Yale University, among other various other credentials.

Michelle Hurst-Crumpton serves as MERF's Chief Academic Officer and brings experience from charter and public school management in several states. Prior to this position, she was Assistant Head of School at St. James Episcopal School (2013-2014) and Chief of School Administration & Chief Operating Officer at Algiers Charter School Association (2009-2012). She received a B.S. in Education Administration and a Master of Arts in Curriculum and Instruction from the University of Phoenix, AZ.

Mr. Oswaldo Diaz has served as the CFO of MERF since 2014 and has over 20 years experience in accounting and operations management. Prior to this position, Mr. Diaz served as the Accounting Manager for Nova Academy Charters Schools / Olive Crest (2011-2014). Mr. Diaz holds a B.A. in Accounting from the Universidad Iberoamericana in Mexico City, Mexico and a School Business Management Certificate from the University of Southern California.

Kenya Jackson, the Deputy Chief Academic Officer, will serve as Principal of MSA-SA starting in June 2015. She will be replacing Alberto Ramirez on an interim basis.

**Board Experience:** MSA-SA are governed by the MERF Board of Directors, which is comprised of the members set forth in the table below.

| <b>Name</b>                   | <b>Occupation</b>                                    | <b>Term Expiration</b> |
|-------------------------------|--|------------------------|
| Umit Yapanel, Board President | Project Engineer at Audience, Inc.                   | 2017                   |
| Saken Sherkhanov, Secretary   | Ph.D. Candidate at UCLA (Chemistry and Biochemistry) | 2018                   |
| Mustafa Kaynak, Member        | Electronics Engineer                                 | 2017                   |
| Diane R. Gonzalez, Member     | Community Relations                                  | 2018                   |
| Nguyen Huynh                  | Real Estate Finance                                  | 2016                   |
| Remzi Oten                    | Business (Tech CEO)                                  | 2018                   |
| Noel Russel-Uterburger        | Comptroller, Independent Contractor                  | 2017                   |

**Management Experience for Schools Open Less than Two Years:** Not applicable. MERF, as CMO to MSA-SA, has over two years of charter school management experience, and MERF has been involved in the oversight of instructional operations of MSA-SA since its inception in 2009-10.

**Student Performance:** Pursuant to SB X51 (2010), a designated California State Commission was given the authority to review the Common Core State Standards (Standards), as promulgated by the U.S. Department of Education, and make recommendations to the California Board of Education (Board). This resulted in the Board's adoption of the Standards for purposes of statewide accountability on academic performance. Although this adoption does not directly require all local educational agencies (LEAs) to adopt the standards, pursuant to Education Code, Sections 52060 through 52077, in order for districts to receive funding through LCFF, school districts must submit "Local Control and Accountability Plans (LCAPs) to their respective county offices of education that address State and local educational priorities, and pursuant to Education Code, Section 52060(d)(2), these priorities must include Common Core State Standards.

Assessments based on the Standards are derived from the "Smarter Balanced Assessment System," a test that is planned for initial implementation in spring 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. As such, the standards do not currently provide metrics for comparing academic performance between schools.

It is noteworthy that as a result of the change to Common Core Standards, CDE's Accountability Progress Reporting has significantly changed. Among the changes are that Growth Academic Performance Index (API) reporting has been temporarily suspended, API rankings will no longer be reported, and Adequate Yearly Progress (AYP) reporting pursuant the No Child Left Behind Act of 2001 is currently limited to public high schools receiving Title 1 funding when they meet specific enrollment criteria. As such, student performance information for purposes of determination financial soundness is limited to API and AYP up until 2012-13 with the exception of specific high schools receiving Title 1 funding. Nonetheless, because of its implications for student enrollment stability and growth, and because staff views student performance as a leading indicator of a charter school's financial position, staff continues to evaluate student performance for purposes of financial soundness, with the limitation of reporting only through 2012-13 at this time.

MSA-SA has four years of reported API and AYP results, allowing staff to assess MSA-SA's academic improvement, as highlighted in the following table.

| <b>Magnolia Science Academy - Santa Ana</b> | <b>FY 2009/10</b> | <b>FY 2010/11</b> | <b>FY 2011/12</b> | <b>FY 2012/13</b> |
|---|-------------------|-------------------|-------------------|-------------------|
| <b>ADEQUATE YEARLY PROGRESS (AYP)</b>       |                   |                   |                   |                   |
| Met All AYP Criteria?                       | Yes               | No                | Yes               | No                |
| Criteria Met / Required Criteria            | 5 / 5             | 4 / 5             | 13 / 13           | 8 / 9             |
| Met API Indicator for AYP?                  | Yes               | Yes               | Yes               | Yes               |
| Met Graduation Rate?                        | N/A               | N/A               | N/A               | N/A               |
| <b>ACADEMIC PERFORMANCE INDEX (API)</b>     |                   |                   |                   |                   |
| Met Schoolwide Growth Target?               | N/A               | No                | Yes               | Yes               |
| Met Comparable Improvement Growth Target?   | N/A               | Yes               | Yes               | Yes               |
| Met Both Schoolwide & CI Growth Targets?    | N/A               | No                | Yes               | Yes               |
| API Base Statewide Rank (10 = best)         | N/A               | 8                 | 5                 | 7                 |
| API Base Similar Schools Rank (10 = best)   | N/A               | N/A               | N/A               | 7                 |
| School's Actual Growth                      | N/A               | -70               | 62                | 12                |
| Similar Schools Median of Actual Growth     | N/A               | N/A               | N/A               | N/A               |
| Did School's Growth Exceed Median?          | N/A               | N/A               | N/A               | N/A               |

MSA-SA did not meet all AYP criteria for two of the past four years. However, MSA-SA has met its API growth target during the past two years with an API growth score of 839 in 2011-12 and 850 in 2012-13. Based on its API base scores for 2012-13 and 2013-14, MSA-SA has achieved Statewide and Similar Schools rankings of "7" and "7", and "8" and "10" (not in table), respectively. Overall, staff considers MSA-SA's academic performance to be supportive of a recommendation for financial soundness.

Staff also reviewed the historical academic performance data that was available for the eleven MERF schools operating during 2013-14, as shown in the tables below. Within these tables, a blank cell denotes that either the data is not available or the school was not yet opened.

| MERF API Growth Scores / Met Schoolwide API Growth Target |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
|   | 2009-10   | 2010-11   | 2011-12   | 2012-13   |
| MSA-1   | 800 / Yes | 807 / Yes | 805 / Yes | 797 / No  |
| MSA-2   | 745 / Yes | 759 / Yes | 758 / No  | 765 / No  |
| MSA-3   | 777 / Yes | 754 / No  | 785 / Yes | 748 / No  |
| MSA-4   | 753 / Yes | 794 / Yes | 766 / No  | 761 / No  |
| MSA-5   | 847 / Yes | 786 / No  | 843 / Yes | 759 / No  |
| MSA-6   | 842 / na  | 817 / Yes | 843 / Yes | 828 / Yes |
| MSA-7   | -         | 855 / na  | 906 / Yes | 904 / Yes |
| MSA-Bell  | -         | 650 / na  | 713 / Yes | 763 / Yes |
| MSA-SD  | 818 / Yes | 814 / Yes | 865 / Yes | 847 / Yes |
| MSA-SA  | 852 / na  | 777 / No  | 858 / Yes | 850 / Yes |
| MSA-SC  | -         | 841 / na  | 895 / Yes | 904 / Yes |

With respect to API growth, for the most recent reported year in 2012-13, five of the 12 schools achieved scores of greater than 800 with none of the schools scoring below 700, and 6 of the 12 schools met their Schoolwide API growth target.



| MERF API Base Rank: Statewide / Similar Schools |         |         |         |         |
|---|---------|---------|---------|---------|
|   | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| MSA-1   | 7 / 10  | 8 / 10  | 8 / 10  | 8 / 10  |
| MSA-2   | 3 / 3   | 4 / 8   | 5 / 9   | 4 / 5   |
| MSA-3   | 5 / 7   | 6 / 10  | 6 / 10  | 8 / 10  |
| MSA-4   | 5 / NA  | 5 / NA  | 6 / 10  | 4 / 5   |
| MSA-5   | 8 / NA  | 8 / 10  | 6 / 9   | 7 / 10  |
| MSA-6   | -       | 8 / NA  | 7 / 6   | 7 / 8   |
| MSA-7   | -       | -       | 8 / NA  | 9 / NA  |
| MSA-Bell  | -       | -       | 1 / 1   | 2 / 2   |
| MSA-SD  | 7 / 2   | 7 / 4   | 7 / 5   | 8 / 6   |
| MSA-SA  | -       | 8 / NA  | 5 / NA  | 7 / 7   |
| MSA-SC  | -       | -       | 9 / NA  | 9 / 4   |

As shown in the table above regarding MERF's statewide and similar schools rankings (base API scores), during the past four reported years, 2009-10 through 2012-13, the majority of schools had statewide and similar schools rankings of "5" or greater. During 2012-13, seven of 11 of applicable schools had statewide and similar schools rankings of "5" or greater. Only MSA-8 Bell, reflected substandard rankings in both statewide and against similar schools.

| MERF Met All AYP Criteria |         |         |         |         |
|---------------------------|---------|---------|---------|---------|
|                           | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| MSA-1                     | No      | No      | No      | No      |
| MSA-2                     | No      | No      | No      | No      |
| MSA-3                     | No      | No      | No      | No      |
| MSA-4                     | No      | Yes     | Yes     | No      |
| MSA-5                     | No      | No      | No      | No      |
| MSA-6                     | Yes     | No      | No      | No      |
| MSA-7                     | -       | Yes     | Yes     | No      |
| MSA-Bell                  | -       | No      | No      | No      |
| MSA-SD                    | No      | No      | Yes     | No      |
| MSA-SA                    | Yes     | No      | Yes     | No      |
| MSA-SC                    | -       | Yes     | Yes     | No      |

Due to the increasingly difficult task of meeting all AYP criteria over successive years, among the 11 schools that were in operations for 2012-13, none of the schools met all AYP criteria and five met all AYP criteria during the previous year, 2011-12.

Overall, staff considers MERF's academic performance to be supportive of a recommendation for financial soundness.

**Enrollment and Retention Rates:** MSA-SA commenced operations with 63 students in grades 6 through 8 in 2009-10, and has since grown to 160 students in 2014-15. MERF is projecting MSA-SA's enrollment to grow substantially to 620 in 2016-17 (first year of project occupancy) and to 800 and 1,020 for the first two years of CSFP payments. For the past three years, 2012-13 through 2014-15, MSA-SA has shown retention rates of 82%, 92%, and 80%, respectively. For 2013-14 and 2014-15, MSA-SA, had average daily attendance (ADA) rates of approximately 95% and 98%, respectively.

**MERF Enrollment and Retention Rates:** The following table depict MERF's historical, current, and projected enrollment by school (through 2018-19). Note that the enrollment projections below do not include any additional new schools.

| Magnolia Educational & Research Foundation |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School                                     | 2010-11      | 2011-12      | 2012-13      | 2013-14      | 2014-15      | 2015-16      | 2016-17      | 2017-18      | 2018-19      |
| MSA-1                                      | 499          | 521          | 488          | 538          | 530          | 540          | 540          | 540          | 540          |
| MSA-2                                      | 227          | 300          | 380          | 440          | 459          | 495          | 495          | 495          | 495          |
| MSA-3                                      | 257          | 293          | 379          | 426          | 452          | 475          | 500          | 500          | 500          |
| MSA-4                                      | 105          | 159          | 194          | 202          | 234          | 220          | 270          | 320          | 360          |
| MSA-5                                      | 156          | 211          | 239          | 240          | 106          | 170          | 250          | 320          | 400          |
| MSA-6                                      | 168          | 154          | 136          | 137          | 160          | 180          | 220          | 250          | 280          |
| MSA-7                                      | 96           | 121          | 233          | 301          | 295          | 316          | 330          | 350          | 360          |
| MSA-8                                      | 441          | 481          | 495          | 497          | 489          | 495          | 495          | 495          | 495          |
| MSA-SD                                     | 308          | 309          | 335          | 355          | 371          | 438          | 450          | 450          | 450          |
| MSA-SC                                     | 102          | 230          | 525          | 489          | 484          | 420          | 470          | 520          | 580          |
| PTS-OV*                                    | 151          | 152          | 138          | -            | -            | -            | -            | -            | -            |
| MSA-SA                                     | 98           | 145          | 145          | 176          | 160          | 250          | 620          | 800          | 1,020        |
| <b>Total</b>                               | <b>2,608</b> | <b>3,076</b> | <b>3,687</b> | <b>3,801</b> | <b>3,740</b> | <b>3,999</b> | <b>4,640</b> | <b>5,040</b> | <b>5,480</b> |

\*ceased operations on June 30, 2013

MERF has achieved consistent enrollment growth from 188 students in one school (MSA-1) in 2002-03, to 695 students in three schools in 2007-08, and to 1,202 students in six schools in 2008-09. MERF has grown to 11 schools serving 3,740 students in 2014-15. In addition, MERF has achieved overall ADA rates of 97% for 2012-13 through 2014-15, respectively.

For the 11 schools currently in operation, MERF is projecting the following enrollment growth: 3,999 students for 2015-16 (7% growth from prior year), 4,640 for 2016-17 (16% growth from prior year), 5,040 for 2017-18 (9% growth from prior year), and 5,480 for 2018-19 (6% growth from prior year).

**Aggressive Enrollment Assumptions:** As previously noted, MERF anticipates substantial enrollment growth from 2014-15 to 2018-19, with enrollment projected to increase to 5,480 from 3,740. MERF's financial soundness review in March 2012 also included aggressive enrollment assumptions, indicating enrollment reaching 7,064 students by 2014-15. Due to the challenges that faced MERF over recent years discussed in the "CMO Management", MERF has not materially increased enrollment over the past two years. However, the current MERF management team has provided Staff with information supporting the current enrollment projections. The majority of enrollment growth is based on the anticipated growth of student population at MSA-SA following the completion of the CSFP facility. MERF staff notes that the MSA-SA CSFP facility will be located in a high demand area and plans to rapidly add grades and students through 2018-19. In the section "Projected Debt Service Coverage of CSFP Payments", we provide an analysis that estimates the amount of student enrollment necessary for MERF to maintain the minimum debt service coverage requirement of 100% in 2017-18 and 2018-19.

With respect to the year-to-year retention rates for the most recent year, five of the 11 schools with returning students showed retention rates of 90% or more, and seven of the 11 schools showed retention rates of 85% or more, with all rates averaging 84%. MSA-5, the school with lowest retention rate in 2014-15, moved to another location and essentially had to begin enrollment of new students in middle school while forfeiting the 83 high school students it previously served. Enrollment plans

to grow at MSA-5 as the school adds grades in each subsequent year until grades 6 through 12 are served again.

Overall, staff considers MERF's enrollment to be supportive of a recommendation for financial soundness.

**Financial Analysis:** Staff's evaluation of MERF's financial performance is based on review of the following documents: MERF's audited financial statements for 2010-11 through 2013-14 and financial projections for 2014-15 through 2018-19.

Staff's evaluation of MERF's financial status is based on the following assumptions: (1) enrollment described above under "MERF Enrollment and Retention Rates"; (2) projected ADA rates of 97.0% for 2015-16 through 2018-19; (3) 2014-15 LCFF Entitlement funding rates of \$7,369 for grades K-12; (4) average LCFF per ADA rates of \$8,065, \$8,551, \$8,926, and \$9,074 for 2015-16 through 2018-19, incorporating COLA's of 1.58%, 2.10%, 2.50%, and 2.70% in these years, respectively. The projections assume GAP funding of 32%, 11%, 13% and 13% in the projected years. (5) Expense categories including salaries and benefits show annual increases between 2-3%.

Highlighted in this section are financial data and credit indicators used to evaluate MERF's ability to meet its CSFP obligations for its projects funded by Propositions 1D. Staff's financial analysis is based on information for MERF as an organization and not for each applicant school on a stand-alone basis. Please note that the revenue, expenditure and changes to net assets recorded in financial audits and provided in MERF's financial projections have been modified by staff, where necessary, to include capital outlays, operating leases and repayment of debt and other significant obligations, and to exclude non-cash items such as depreciation.

| Magnolia Education & Research Foundation                    | Actual<br>FY 2012/13 | Actual<br>FY 2013/14 | Budget<br>FY 2014/15 | Projected<br>FY 2015/16 | Projected<br>FY 2016/17 | Projected<br>FY 2017/18 | Projected<br>FY 2018/19 |
|---|----------------------|----------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>ENROLLMENT PROJECTIONS</b>                               |                      |                      |                      |                         |                         |                         |                         |
| Enrollment  | 3,687                | 3,801                | 3,740                | 3,999                   | 4,640                   | 5,040                   | 5,480                   |
| Average Daily Attendance                                    | 3,542                | 3,654                | 3,655                | 3,879                   | 4,501                   | 4,889                   | 5,316                   |
| Average Daily Attendance (%)                                | 96%                  | 96%                  | 98%                  | 97%                     | 97%                     | 97%                     | 97%                     |
| <b>FINANCIAL PROJECTIONS</b>                                |                      |                      |                      |                         |                         |                         |                         |
| Total Revenues Available for CSFP Payment                   | \$ 30,647,516        | \$ 32,298,679        | \$ 33,590,537        | \$ 37,781,249           | \$ 44,320,773           | \$ 48,070,841           | \$ 52,182,894           |
| Total Expenses Paid Before CSFP Payment                     | 26,874,132           | 27,026,957           | 31,550,541           | 33,624,344              | 39,552,384              | 42,982,886              | 46,743,730              |
| Accounting Adjustments                                      | 260,530              | 327,475              | 281,000              | 410,946                 | 410,947                 | 410,946                 | 410,949                 |
| Net Revenues Available for CSFP Payment                     | \$ 4,033,914         | \$ 5,599,197         | \$ 2,320,996         | \$ 4,567,851            | \$ 5,179,336            | \$ 5,498,901            | \$ 5,850,113            |
| CSFP Payment  | \$ -                 | \$ -                 | \$ -                 | \$ -                    | \$ -                    | \$ 521,674              | \$ 521,674              |
| Net Revenues After CSFP Payment                             | \$ 4,033,914         | \$ 5,599,197         | \$ 2,320,996         | \$ 4,567,851            | \$ 5,179,336            | \$ 4,977,227            | \$ 5,328,439            |
| <b>FINANCIAL INDICATORS</b>                                 |                      |                      |                      |                         |                         |                         |                         |
| Net Revenues Available for CSFP Payment                     | \$ 4,033,914         | \$ 5,599,197         | \$ 2,320,996         | \$ 4,567,851            | \$ 5,179,336            | \$ 5,498,901            | \$ 5,850,113            |
| Debt Service Coverage by Net Revenues                       | N/A                  | N/A                  | N/A                  | N/A                     | N/A                     | 1054.1%                 | 1121.4%                 |
| Contributions   | \$ 1,024,663         | \$ 130,089           | \$ 699,478           | \$ 829,000              | \$ 941,920              | \$ 1,013,040            | \$ 1,134,360            |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A                  | N/A                  | N/A                  | N/A                     | N/A                     | 859.9%                  | 904.0%                  |
| CSFP Lease Payment / Revenues                               | N/A                  | N/A                  | N/A                  | N/A                     | N/A                     | 1.1%                    | 1.0%                    |
| Contributions / Revenues                                    | 3.3%                 | 0.4%                 | 2.1%                 | 2.2%                    | 2.1%                    | 2.1%                    | 2.2%                    |
| Net Revenues After CSFP Payment / Revenues                  | 13.2%                | 17.3%                | 6.9%                 | 12.1%                   | 11.7%                   | 10.4%                   | 10.2%                   |
| Revenues / ADA  | \$ 8,652             | \$ 8,839             | \$ 9,191             | \$ 9,740                | \$ 9,847                | \$ 9,833                | \$ 9,817                |
| Expenses / ADA  | \$ 7,587             | \$ 7,396             | \$ 8,633             | \$ 8,668                | \$ 8,788                | \$ 8,899                | \$ 8,892                |
| Surplus (Deficit) / ADA                                     | \$ 1,065             | \$ 1,443             | \$ 558               | \$ 1,072                | \$ 1,059                | \$ 934                  | \$ 925                  |
| Net Working Capital   | \$ 3,355,194         | \$ 7,986,255         |                      |                         |                         |                         |                         |
| Net Working Capital / Expenses                              | 12.5%                | 29.5%                |                      |                         |                         |                         |                         |

**Contributions:** MERF's contributions over the last three years were as follows: \$406,491 for 2011-12, \$1.02 million for 2012-13, and \$130,089. MERF anticipates notably higher contributions in

budgeted and projected years, ranging between \$800,000 and \$1.1 million in contributions annually. Staff notes that projected contribution levels are optimistic given the historical trend.

Long-Term Liabilities: At June 30, 2014, MERF had outstanding long-term debt of \$2.45 million. These debt obligations took the forms of six California Department of Education loans totaling approximately \$255,000, with interest rates ranging from 0.24% to 0.54%; and \$2.2 million in CSFP obligations.

School Facilities –The facility costs consist of leases (Prop 39 and Regular), and expected payments to CSFA for the funding agreements pursuant to Proposition 1D. MERF’s CSFP payments will account for the facility costs of two schools: MSA-SA - \$444,224, and MSA-SD - \$77,450.

MERF leases land and buildings for an administrative office in Westminster and leases land and buildings in Los Angeles County, Orange County, San Diego County, and Santa Clara County under various operating leases. The aggregate lease payments required under the terms of their operating leases were \$2.10 million in 2013-14 and is estimated to be \$1.36 million in 2014-15.

The facility costs (Consists of Rental, Lease, Repair, and Non-Capital Improvement Costs) for all MERF schools incorporated into the financial projections are as follows: \$2.40 million (2014-15), \$2.60 million (2015-16), \$2.65 million (2016-17), \$2.99 million (2017-18), and \$3.04 million (2018-19). These estimated expenses are equivalent to an average of 6% of annual total revenues including contributions. These levels are below the 10-15% affordability range and these commitments are not expected to impact the organization’s flexibility to respond to any unforeseen costs.

| <b>Magnolia Educational &amp; Research Foundation - Projected Facilities Cost</b> |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>School</b>   | <b>2014-15</b>     | <b>2015-16</b>     | <b>2016-17</b>     | <b>2017-18</b>     | <b>2018-19</b>     |
| <b>MERF</b>   | \$168,000          | \$171,360          | \$174,787          | \$178,283          | \$181,849          |
| <b>MSA-1</b>  | \$504,000          | \$600,000          | \$612,000          | \$624,240          | \$636,725          |
| <b>MSA-2</b>  | \$99,072           | \$114,000          | \$116,280          | \$118,606          | \$120,978          |
| <b>MSA-3</b>  | \$220,000          | \$240,000          | \$244,800          | \$249,696          | \$254,690          |
| <b>MSA-4</b>  | \$140,000          | \$141,600          | \$144,432          | \$147,321          | \$150,267          |
| <b>MSA-5</b>  | \$99,600           | \$120,000          | \$122,400          | \$124,848          | \$127,345          |
| <b>MSA-6</b>  | \$96,000           | \$110,400          | \$112,608          | \$114,860          | \$117,157          |
| <b>MSA-7</b>  | \$229,154          | \$236,029          | \$240,750          | \$245,565          | \$250,476          |
| <b>MSA-Bell</b>   | \$35,775           | \$41,585           | \$43,166           | \$44,029           | \$44,910           |
| <b>MSA-SD</b>   | \$69,581           | \$89,684           | \$89,684           | \$167,134          | \$167,134          |
| <b>MSA-SC</b>   | \$500,028          | \$510,028          | \$520,229          | \$530,634          | \$541,246          |
| <b>MSA-SA</b>   | \$228,000          | \$228,000          | \$228,000          | \$444,224          | \$444,224          |
| <b>Total</b>  | <b>\$2,389,210</b> | <b>\$2,602,686</b> | <b>\$2,649,136</b> | <b>\$2,989,440</b> | <b>\$3,037,001</b> |

Financial Performance: Based on the audited financial statements for 2011-12, MERF experienced a net loss of \$1.07 million. At the conclusion of 2011-12, MERF was down to \$1.02 million in net fund balance and facing financial distress. Operating at a loss in 2011-12 only compounded the liquidity concerns that necessitated internal and external cash flow borrowings. However in 2012-13, operations improved at MERF and they were able to generate net revenue of \$4.03 million. This was

the result of \$30.65 million in revenues (including \$1.02 million in contributions) and \$26.61 million in adjusted expenses. In 2013-14, MERF generated an even larger surplus of \$5.60 million, including contributions of \$130,089. MERF attributes the increases in net revenue to reallocation of resources away from PTS-OV which closed at the end of 2012-13. Projected estimates for 2014-15 show revenues and adjusted expenses of \$33.59 million (including \$699,478 of contributions) and \$31.27 million, resulting in projected net revenue of \$2.32 million. Although MERF total enrollment slightly decreased from 2013-14 to 2014-15 (largely due to the relocation of MSA-5), MERF still anticipates an operating surplus.

MERF anticipates modest enrollment growth in 2015-16 but foresees a rapid increase in enrolled students once the CSFP facility is online in 2016-17. MERF's aggressive enrollment assumptions are discussed in further detail under the "MERF Enrollment and Retention Rates" section. The projected enrollment growth has a corresponding effect on projected revenues and expenditures in future years. With enrollment expecting to grow by 7% to 3,999 students in 2015-16, MERF projects increasing total revenues to \$37.78 million and adjusted expenses to \$33.21 million, for projected net revenue of \$4.57 million. MERF projects another 16% increase to 4,640 students in 2016-17. MERF expects net revenue of \$5.18 million on \$44.32 million in revenues and \$39.14 million in adjusted expenses. For 2017-18, MERF's projected enrollment growth is expected to continue by 9% to 5,040 students, resulting in net revenue of \$5.50 million after accounting adjustments. With 5,480 students expected in 2018-19, total revenues of \$52.18 million would exceed total adjusted expenses of \$46.33 million by \$5.85 million, prior to the projected CSFP lease payments.

*Projected Debt Service Coverage of CSFP Payments:* Assuming a 3.0% interest rate and 30-year repayment period, as well as estimated combined project cost of \$20,450,078, MERF's combined annual CSFP payment (two projects) would be \$521,674 beginning in 2017-18. MERF's projected net revenues of \$5.50 million for 2017-18 would provide debt service coverage of 1,054%, while the projected net revenues of \$5.85 million would result in debt service coverage of 1,121% for 2018-19. However, MERF's ability to meet the minimum debt service coverage is highly dependent on MERF realizing projected enrollment at its existing schools (5,480 students by 2018-19; 47% growth from 3,740 students in 2014-15).

Staff estimates that MERF would need to enroll at least 4,700 students by 2017-18 to meet the debt service coverage requirement. MERF could potentially maintain at least 100% debt service coverage on CSFP obligations with substantially less enrollment because of the ability to reduce certain expense categories (i.e. certified and classified salaries) depending on the actual enrollment in a given year. Given MERF's historical enrollment growth, Staff anticipates MERF reaching the necessary enrollment levels. The estimated enrollment needed assumes that MERF maintains a student to teacher ratio of at least 19 to 1.

*Liquidity:* At June 30, 2014, MERF reported holding \$5.82 million in cash and cash equivalents. Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. MERF's NWC for 2012-13 and 2013-14 was \$3.36 million and \$7.99 million, respectively, or 12.5%, and 29.5% of total expenses for these years. Staff considers NWC equivalent of at least 5.0% of total expenses to be sufficient. The NWC in 2013-14 is sufficiently higher than the 5% staff recommendation. Liquidity had been a concern for MERF schools going back to 2011-12, as MERF schools utilized external and internal cash flow borrowings to meet cash flow needs.

### **Strengths, Weaknesses and Mitigants**

- + MERF's projected debt service coverage ratios of 1,054% in 2017-18 and 1,121% in 2018-19 exceed the minimum requirement of 100.0% by a wide margin. However, Staff estimates that MERF would need to enroll at least 4,700 students by 2017-18 to meet the debt service coverage requirement. Given MERF's historical enrollment growth, Staff anticipates MERF reaching enrollment in excess of 4,700 by 2017-18.
- + MERF has achieved enrollment growth from 2,608 students in 2010-11 to 3,740 students at 11 schools in 2014-15. In addition, MERF achieved an aggregate ADA rate of 97% between 2012-13 and 2014-15.
- MERF's ability to produce its projected debt service coverage ratios is heavily reliant on the aggressive enrollment growth projected for its existing schools.
- +/- MERF schools have continually demonstrated the ability to meet API growth targets. However, all AYP criteria was not met for the any of the MERF schools in 2012-13.

**Staff Recommendations:** Staff recommends that the California School Finance Authority (CSFA) Board determines that the Magnolia Educational and Research Foundation (MERF), applying on behalf of Magnolia Science Academy – Santa Ana (MSA-SA), is financially sound for purposes of the CSFP Final Apportionment. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon MERF electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.

# Cover Sheet

## San Diego Governance Committee Report Regarding Facilities, Finance and Academic Updates

**Section:** III. Information Items  
**Item:** A. San Diego Governance Committee Report Regarding  
Facilities, Finance and Academic Updates  
**Purpose:** FYI  
**Submitted by:**  
**Related Material:** III A San Diego Governance Committee approved cy.pdf



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

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|                     |   |
|---------------------|---|
| Board Agenda Item # | III A   |
| Date:               | December 10, 2015                               |
| To:                 | Magnolia Board of Directors                     |
| From:               | Caprice Young, Ed.D., CEO & Superintendent      |
| Staff Lead:         | Gokhan Serce, Principal MSA-San Diego           |
| RE:                 | MSA-San Diego Local Governance Committee Update |

### Proposed Board Recommendation

Information item only, no action needed.

### Background

MSA-San Diego Local Governance Committee (LCG) had its first meeting on November 20, 2015 at 6:30 pm at MSA-SD school site. Two MPS Board members and two MSA-SD parent members were present. MPS Chief of Staff Mr. Andy Gokce also attended the meeting to inform committee members on their roles. MSA-SD Local Governance Committee unanimously elected Ms. Yolanda Yslas-Thompson as its Committee Chair. Principal Serce updated LGC members on MSA-San Diego's Academic Performance, Financial Status and the progress on the Facility acquisition.

### Budget Implications

None.

### Name of Staff Originator:

Gokhan Serce, MSA-SD Principal

### Attachments

Minutes





# MAGNOLIA PUBLIC SCHOOLS

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## Magnolia Science Academy - San Diego Local Governance Committee Meeting Minutes

### **Date and Time**

Friday, November 20, 2015, 6:30 pm

### **Location**

Magnolia Science Academy - San Diego, 6365 Lake Atlin Ave, San Diego, CA 92119  
Teleconference

### **Committee Members Present**

Dr. Mustafa Kaynak (remote)  
Mr. Serdar Orazov (remote)  
Mr. Anthony Talamantez (remote)  
Mrs. Yolanda Yslas-Thompson (remote)

### **Guests Present**

Mr. Andy Gokce, Chief of Staff, Magnolia Public Schools-Present  
Mr. Gokhan Serce, Principal, Magnolia Science Academy-San Diego - present  
Ms. Susana Davila, Office Manager, Magnolia Science Academy-San Diego - present

## **I. Opening Items**

### **A. Call the Meeting to Order**

Dr. Kaynak called the meeting of the Local Governance committee to order on Friday, November 20, 2015 at 6:34 PM. As a senior board member at MPS Board of Directors, Dr. Kaynak led the first meeting.

### **B. Introductions**

Dr. Mustafa Kaynak- has been serving on MPS Board since November 2009.  
Mr Serdar Orazov- has been serving on MPS Board since September, 2015, worked at MPS Finance Department before.  
Mr Talamantez- current parent at MSA-San Diego and another as future student  
Mrs. Thompson- parent of an 8th grader, also parent of a former student now a 10th grader

## **II. Action Items**

### **A. Role of Local Governance Committee**

Will handle issues related to Magnolia Science Academy - San Diego

**Duties and responsibilities-** the committee has decision making powers, however MPS board will have final say

- Local committee will approve MSA-SD's budget before it's approved by MPS Board
- Promote, guard and guide Magnolia vision as it pertains to MSA-San Diego
- Ensure charter school meets mission and goals- petition approved by San Diego Unified



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- Refer to charter petition for reference
- Be an advocate for students
- Ensure organizational planning
- Ensure adequate resources for every single student
- Will take lead in establishing, managing and determining budget resources
- Local committee will be driving budget along with principal
- Appoint admin team for expulsions- school takes action before going to board. Action plan where parents and school does not agree, school still has to expel student, it has to go to local committee before going to board.
- Work with principal and central office to resolve internal conflicts before going to board

Mrs. Thompson asked: who created these roles? Magnolia home office drafted it in cooperation with San Diego Unified's Charter Office. It was approved by both San Diego Unified Board of Directors and Magnolia Public Schools Board of Directors.

## Reasons for local committee

SD Unified raised concerns that MSA-SD was the only Magnolia school in San Diego. Local community should have more say on spending. The committee will also help solve local issues.

Mr. Talamantez asked what the main topics are that we would like to address in these meetings? Mr. Serce responded by saying financial issues will be addressed, using state money efficiently to help the students, decrease class size and support teachers. Facility updates will be included in the upcoming meetings.

## C. Open Positions

The local committee then moved on to elect its chair person. Mr. Gokce explained the duties of the chair: the chair calls the meetings to order, finalizes agenda with principal, if needed contacts other board members and represent the committee at the local level.

Mr. Gokce also explained that a Brown Act Training will be scheduled for the local committee members. Dr Kaynak made a motion to appoint Mrs. Yoli Thompson as Chair of Committee. Mr. Orazow seconded. Mrs. Yoli Thompson was unanimously elected as the committee chair.

## III. Information Items

### A. Academic Update- Shared by Mr. Serce

- Last year students took SBAC assessment
- based on student performance- API score and recommendations for each school will be issued
- This test replaces STAR testing
- MSA-SD score went up to a 9 out of 10 schools, last year it was 6 out of 10 on greatschools.org
- The new Common Core assessments are computer based adaptive test, questions get harder or easier based on student progress
- In our neighborhood, our school was highest, 57% met or exceeded expectations
- CST for science: 84% were proficient at MSA-SD
- 23% of our students are Free/ Reduced Lunch receivers.
- We have 2 homeless students, we are receiving federal money for those students



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- Title 1 teacher hired to help a certain amount of students- additional intervention on its way to help students

## **B. Financial Update**

Mr. Serce briefed the committee members on the school's budget and budget vs. actuals. MSA-SD has an expected net income of \$573,000 this year. Mr. Gokce said training will be provided on how to read and evaluate financials, how to read documents

## **C. Facility Update**

MSA-SD is trying to secure a future site while also working on signing a lease agreement with the owners of its current site until its new site is ready to move. Mr. Serce said update to parents are provided every 2 weeks. Next meeting is on November 30th at 6pm at MSA-San Diego's current site.

## **IV. Closing Items**

### **A. Date of Next Meeting**

The committee will meet once every quarter. Next meeting will be in January. Committee Chair Mrs. Thompson will call for a meeting in January 2016.

### **B. Adjourn Meeting**

Dr. Kaynak adjourned the meeting at 7:46 pm.