

Magnolia Public Schools

Regular Facilities/Audit Committee Meeting

Date and Time

Wednesday December 5, 2018 at 7:30 PM PST

Location

MPS Home Office: 250 E. 1st St. Ste. 1500 Los Angeles, CA 90012- Conference Room

Meeting Notice

Access to the Board Meeting: Any interested parties or community members may join remotely by using the following numbers or from the following addresses where Committee Members are joining from: 1.844.572.5683; 1948435

• MSA San Diego - 6365 Lake Atlin Ave., San Diego, CA 92119 (Dr. Salih Dikbas)

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 or translation services, please notify Barbara Torres at (213) 628-3634 x100 48 hours in advance of the meeting to make arrangements and accommodations.

Any public records relating to an agenda item for an open session of the committee which are distributed to all, or a majority of all, of the committee members shall be available for public inspection at 250 East 1st St. Ste 1500 Los Angeles, CA 90012.

Facilities Committee Members

Ms. Charlotte Brimmer, Chair

Dr. Umit Yapanel

Dr. Salih Dikbas

Mr. Haim Beliak

Dr. Saken Sherkhanov (alternate)

CEO and Superintendent

Mr. Alfredo Rubalcava

Agenda

	Purpose	Presenter	Time
I. Opening Items			7:30 PM
A. Call the Meeting to Order			1 m
B. Record Attendance and Guests			1 m

C. Public Comments			1 m
D. Approval of Agenda	Vote		1 m
E. Approval of Minutes from Regular Facility Committee Meeting- October 10, 2018	Approve Minutes		1 m
Approve minutes for Regular Facilities Comm	ittee Meeting on Octobe	er 10, 2018	
II. Approval Recommendation Items Related t	o Audits		7:35 PM
A. Approval Recommendation of 2017-18 MPS Audit Reports	Vote	Nanie Montijo	15 m
III. Approval Recommendation Items Related	to Facilities		7:50 PM
A. Approval Recommendation of MSA 1 Cabling Vendor and Contract	Vote	Rasul Monoshev	5 m
B. Approval Recommendation of PrimeSource Invoice and Payment	Vote	Patrick Ontiveros	10 m
C. PrimeSource Report and Approval Recommendation of Amended Contract	Vote	Patrick Ontiveros	10 m
D. Approval Recommendation of Work Order #3 for Work by Oltmans at Existing MSA 1 Building	Vote	Patrick Ontiveros	10 m
IV. Closed Session			8:25 PM
A. Public Announcement of Closed Session	FYI	Charlotte Brimmer	1 m
B. Conference with Legal Counsel- Anticipated Litigation- One Matter	Discuss	Patrick Ontiveros	15 m
C. Personnel/Labor Negotiations: Price and Terms of Payment	Discuss	Patrick Ontiveros	15 m
D. Report Out From Closed Session	FYI	Charlotte Brimmer	2 m
V. Information Items			8:58 PM
A. Presentation and Discussion from First Note (Vendor)	Discuss	Patrick Ontiveros	15 m
B. Facility Updates	Discuss	Patrick Ontiveros	15 m
VI. Closing Items			9:28 PM
A. Adjourn Meeting	Vote		

Cover Sheet

Approval of Minutes from Regular Facility Committee Meeting- October 10, 2018

Section: I. Opening Items

Item: E. Approval of Minutes from Regular Facility Committee Meeting-

October 10, 2018

Purpose: Approve Minutes

Submitted by: Related Material:

Minutes for Regular Facilities Committee Meeting on October 10, 2018



Magnolia Public Schools

Minutes

Regular Facilities Committee Meeting

Date and Time

Wednesday October 10, 2018 at 7:00 PM

Location

MPS Home Office: 250 E. 1st St. Suite 1500 Los Angeles, CA 90012

Committee Members who joined remotely participated from the following locations:

- MSA San Diego 6365 Lake Atlin Ave., San Diego, CA 92119 (Dr. Salih Dikbas)
- 940 Steward Dr. Sunnyvale, CA 94085(Dr. Umit Yapanel)

Facilities Committee Members

Ms. Charlotte Brimmer, Chair

Dr. Umit Yapanel

Dr. Salih Dikbas

Mr. Haim Beliak

Dr. Saken Sherkhanov (alternate)

CEO and Superintendent

Mr. Alfredo Rubalcava

Committee Members Present

C. Brimmer, H. Beliak, S. Sherkhanov, U. Yapanel (remote)

Committee Members Absent

S. Dikbas

I. Opening Items

A. Call the Meeting to Order

C. Brimmer called a meeting of the Facility/Audit committee of Magnolia Public Schools to order on Wednesday Oct 10, 2018 @ 7:09 PM at MPS Home Office: 250 E. 1st St. Suite 1500 Los Angeles, CA 90012.

B. Record Attendance and Guests

S. Sherkhanov, Alternate Committee Member, joined the meeting as a replacement for S. Dikbas, Committee Member.

C. Pledge of Allegiance

B. Torres, Board Secretary, led the Pledge of Allegiance.

D. Public Comments

There were no public comments.

E. Approval of Agenda

- C. Brimmer made a motion to approve the agenda as presented.
- H. Beliak seconded the motion.

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

Roll Call

U. Yapanel AyeS. Dikbas AbsentH. Beliak AyeC. Brimmer AyeS. Sherkhanov Aye

F. Approval of Minutes from Regular Facility Committee Meeting- September 13, 2018

C. Brimmer made a motion to approve minutes from the Regular Facilities/Audit Committee Meeting on 09-13-18.

H. Beliak seconded the motion.

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

Roll Call

U. Yapanel AyeS. Sherkhanov AyeH. Beliak AyeC. Brimmer AyeS. Dikbas Absent

II. Approval Recommendation Items

A. Adoption of ADA 504 Transition Plan for MSA-6 and MSA-7

P. Ontiveros, MPS General Counsel and Facilities Director, explained the need to approve the ADA 504 Transition Plans for MSA-6 and MSA-7. He explained the RFP process and the steps he took to seek additional contractors through the state website. Committee members requested that all board documents be cross checked before they go to the board to check for consistency and accuracy. They also requested additional information that they want presented when this item is taken to the full board.

- S. Sherkhanov made a motion to recommend that the full board adopt the ADA 504 Transition Plans for MSA-6 and MSA-7.
- H. Beliak seconded the motion.

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

Roll Call

S. Dikbas Absent H. Beliak Aye C. Brimmer Aye

- U. Yapanel Aye
- S. Sherkhanov Aye

B. Approval of Prop 39 Energy Efficiency Grant Agreement for MSA-2

P. Ontiveros, MPS General Counsel and Facilities Director, presented the prop 39 energy efficiency grant Agreement for MSA-2 and MSA-7. He explained that if approved, MPS would receive grant money for specific facility improvements, these funds do not have to be repaid. C. Brimmer requested for staff to return to the committee with further detail on the MPS agreement with the First Note vendor who assists with the grant work. She also mentioned her concerns in addressing prevailing wage for all working on these projects and directed staff to ensure all proper wording was in the contracts. The committee requested additional information on both item II B and II C regarding Prop 39 energy efficiency grant agreements for MSA-2 and MSA-7.

S. Sherkhanov made a motion to table items II B Prop 39 Energy Efficiency Grant Agreement for MSA-2 and II C Prop 39 Energy Efficiency Grant Agreement for MSA-7 until staff obtains the reports requested and there is further discussion.

H. Beliak seconded the motion.

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

Roll Call

U. Yapanel Aye

S. Dikbas Absent

H. Beliak Aye

C. Brimmer Aye

S. Sherkhanov Aye

C. Approval of Prop 39 Energy Efficiency Grant Agreement for MSA-7

Discussion and action taken on this item is mention in item II B.

D. Approval of Change Order from PrimeSource for the Magnolia Science Academy-1 Project

P. Ontiveros, MPS General Counsel and Facilities Director, presented the requested change order for PrimeSource for the Magnolia Science Academy-1 project. He explained that there is enough funds in the contingency of the project to pay for the additional \$150,000 that is being requested by the construction manager for the additional work done outside the original contract. T. Buresh, Construction Manager from PrimeSource, explained the additional work that he has done since his contract started pertaining to the existing site and not only the new building. Committee Members had questions regarding the PrimeSource contract and want to discuss the negotiations further. The committee decided to not take action on this item until there is further discussion and negotiations.

E. Approval of MSA- Santa Ana Change Order Request

P. Ontiveros, MPS General Counsel and Facilities Director, reviewed the MSA Santa Ana change order request to the committee. It was discussed that there were various design issues in the original plans. Staff and committee members discussed the issues that have come from these projects, staff issues, and architect issues. C. Brimmer wants to ensure that the same mistakes are not done in the future and wants to make sure all proper steps are taken with all projects. The committee requested that the construction manager from Gafcon address the board/committee directly on this change order. P. Ontiveros explained the possible consequences that could come up if this change order is not approved.

H. Beliak made a motion to recommend to the full board to table this item for a future discussion where the Construction Manager for this project is part of the discussion.

S. Sherkhanov seconded the motion.

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

Roll Call

- S. Sherkhanov Aye
- U. Yapanel Aye
- S. Dikbas Absent
- H. Beliak Aye
- C. Brimmer Abstain

F. Approval of Master Contract and Work Orders 1 and 2 for the MSA-1 Tenant Improvement Project

P. Ontiveros, MPS General Counsel and Facilities Director explained the item pertaining to the master contract and work orders 1 and 2 for the MSA-1 tenant improvement project. He explained the ongoing projects for this location and gave detail on what was needed. The committee chose to take this to the full board for further discussion and approval.

III. Information Items

A. Facility Updates

P. Ontiveros, MPS General Counsel and Facilities Director, went over facility updates.

IV. 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 9:35 PM.

Respectfully Submitted,

C. Brimmer

Cover Sheet

Approval Recommendation of 2017-18 MPS Audit Reports

Section: II. Approval Recommendation Items Related to Audits

Item: A. Approval Recommendation of 2017-18 MPS Audit Reports

Purpose: Vote

Submitted by:

Related Material: II A Audit Reports.pdf



Board Agenda Item #	Agenda #II A- Action Item
Date:	December 5, 2018
То:	Magnolia Board of Directors- Facility/Audit Committee
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Approval of 2017-18 Audit Report

Proposed Board Recommendation

Motion to approve the Financial Audit Report for fiscal year 2017-18 of all ten (10) schools and the consolidated audit including the home office.

Background

Under Education Code (EC) Sections 41020 through 41020.8, all school districts must file their annual audit reports for the preceding fiscal year by December 15, with the Los Angeles County Superintendent of Schools (County Superintendent), the California Department of Education (CDE), and the State Controller's Office (SCO). The audit shall be conducted by an auditor from the list approved by the SCO and mutually agreeable to the authorizers and the Charter School.

The Governing Board of each school district must review the annual audit report for the prior fiscal year at a public meeting. According to EC Section 41020.3, the review will include: ". . . the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or management letter issue."

The board is required to review and approve annual financial audit report annually and submit to our various oversight entities by December 15.

In an audit engagement:

- The auditor explains that preparing the financial statements and maintaining sound internal control is management responsibility;
- The auditor explains its owns responsibilities, duties and rights regarding the engagement; emphasizes the nature of the audit and states that the auditor only examines the internal controls and accounting records on a sample basis;

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An unqua affairs in changes i	his opinion on the financial statements: lified report concludes that the financial statements present fairly its all material aspects. Also known as a clean report, which implies that any n the accounting policies, application and effects are adequately ed and disclosed.
there is d adequacy	d report is when there is a limitation of scope in auditor's work, or when isagreement with management regarding application, acceptability or of accounting policies. The issue must be material or financially worth attion to qualify a report.
If issues a opinion.	re material and pervasive, the auditor issues a disclaimer or adverse
Independent auditor's re	port received from VTD at the end of their audit engagement with MERF
respective financial posit	ates that the financial statements present fairly, in all material aspects, the ion of the Charter School, as of June 30, 2018. The changes in its net assets, that ended, in accordance with accounting principles generally accepted

Budget Implications

in the United States of America.

None.

How Does This Action Relate/Affect/Benefit All MSAs?

All MPS schools will be in compliance with the federal, state and all authorizers' requirements.

Name of Staff Originator:

Nanie Montijo, Chief Financial Officer

Exhibits (attachments):

2017-18 Audit Reports for each MPS school

2017-18 MERF and Consolidated Audit Reports

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Educational & Research Foundation (the Foundation) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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 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; and the 2017-2018 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 Foundation'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 Foundation'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	2018			2017		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$	22,600,493	\$	9,834,842		
Restricted cash		4,659,987		648,760		
Accounts receivable		4,781,620		3,194,412		
Prepaid expenses and other current assets		1,027,408		1,620,157		
Total Current Assets		33,069,508		15,298,171		
Non-Current Assets:						
Debt issue costs, net		1,076,199		358,782		
Security deposits		43,117		64,690		
Fixed assets		46,055,549		30,157,534		
Less: accumulated depreciation		(4,120,699)		(3,115,417)		
Total Non-Current Assets		43,054,166		27,465,589		
Total Assets	\$	76,123,674	\$	42,763,760		
LIABILITIES						
Current Liabilities:						
Accounts payable and accruals	\$	3,232,385	\$	3,212,491		
Deferred revenue		2,290,659		519,063		
Current portion of long-term obligations		306,020		3,129,116		
Total Current Liabilities		5,829,064		6,860,670		
Long-Term Obligations:						
Non-current portion of long-term obligations		43,383,648		14,424,680		
Total Liabilities		49,212,712		21,285,350		
NET ASSETS						
Unrestricted		24,467,494		20,413,178		
Designated		2,443,468		1,065,232		
Total Net Assets		26,910,962		21,478,410		
Total Liabilities and Net Assets	\$	76,123,674	\$	42,763,760		

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

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
CHANGES IN UNRESTRICTED NET ASSETS	•		
REVENUES			
State apportionments	\$	36,259,514	\$ 34,483,963
Federal revenue		3,851,301	3,756,458
Other state revenue		8,196,747	6,383,153
Local revenue		1,528,298	 1,400,619
Total Revenues		49,835,860	 46,024,193
EXPENSES			
Program services:			
Salaries and benefits	\$	23,353,633	\$ 23,151,926
Student services		1,867,468	2,173,408
Materials and supplies		426,368	839,491
Student nutrition		1,472,329	1,670,987
Other expenses		848,175	1,221,591
Subtotal		27,967,973	29,057,403
Management and general:			
Salaries and benefits		5,770,193	5,787,982
Amortization		38,894	12,814
Depreciation		1,228,552	907,827
Insurance		11,628	790
Management fee		16,296	326,637
Occupancy		2,613,954	1,809,451
Operating expenses		5,571,915	6,622,041
Debt service		691,435	360,088
Interest		492,468	173,344
Subtotal		16,435,335	 16,000,974
Total Expenses		44,403,308	 45,058,377
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY			
ITEM		5,432,552	965,816
Extraordinary item - MSA Santa Clara		-	(348,866)
CHANGE IN NET ASSETS		5,432,552	 616,950
NET ASSETS, BEGINNING OF YEAR		21,478,410	 20,861,460
NET ASSETS, END OF YEAR	\$	26,910,962	\$ 21,478,410

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

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,432,552	\$ 616,950
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation expense	1,136,583	776,526
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(1,587,208)	1,122,987
Prepaid expenses and other current assets	592,749	(1,478,486)
Security deposits	21,573	79,460
Increase in liabilities		
Accounts payable and accruals	19,894	95,417
Deferred revenue	1,771,596	11,145
Net Cash Provided by Operating Activities	7,387,739	1,223,999
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(16,029,316)	(6,765,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal payments	(3,129,116)	(190,867)
Proceeds from long-term debt obligation	29,264,988	-
Restricted cash	(4,011,227)	5,678,755
Debt issue cost payments	(717,417)	12,814
Net Cash Provided by Financing Activities	21,407,228	5,500,702
NET CHANGE IN CASH	12,765,651	(41,089)
CASH AND CASH EQUIVALENTS,	 	
BEGINNING OF YEAR	9,834,842	9,875,931
CASH AND CASH EQUIVALENTS,		
END OF YEAR	\$ 22,600,493	\$ 9,834,842
Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ 492,468	\$ 173,344

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

DRAFT 11/20/2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

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, 2018, MERF operated ten 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 Foundations offer the following programs, which are mostly free of charge:

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

The Foundations operate under the approval of the California State Board 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

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Magnolia Educational & Research Foundation (MERF).

MPM Sherman Way, LLC

MERF formed the MPM Sherman Way, 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 Magnolia Science Academy 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 MERF. MPM Inc. is the sole member of the LLC.

DRAFT 11/20/2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

MPM Santa Ana, LLC

MERF formed the MPM Santa Ana, 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 Magnolia Science Academy Santa Ana (MSA-SA) makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA-SA Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of MERF. MPM Inc. is the sole member of the LLC.

MPM San Diego, LLC

MERF formed the MPM San Diego, 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 Magnolia Science Academy San Diego (MSA-SD) makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA-SD Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of MERF. MPM Inc. 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 15 to the financial statements.

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, 2018 and 2017, respectively. 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 Foundation 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.

DRAFT 11/20/2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

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, MPM Inc., and the LLC had no temporarily or permanently restricted net assets at June 30, 2018 and 2017, respectively.

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, 2018 and 2017, respectively, 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.

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, 2018 and 2017, respectively, management had determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

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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

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$1,228,552 and \$907,827, respectively.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by MERF prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when MERF has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Certain grants received before the eligibility requirements are met are recorded as deferred revenue.

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.

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, MPM Inc., and the LLC.

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Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MERF and the LLC do 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.

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 Foundation Facilities Program is classified as designated assets until the funds are used for the purchase of the land and the construction of the facility. As of June 30, 2018 and 2017, the amount of restricted cash was \$4,659,987 and \$648,760, respectively. As of June 30, 2018 and 2017, there was a designated balance of \$2,443,468 and \$1,065,232, respectively, for California Clean Energy Jobs Act, College Readiness funds, National School Lunch Program, and Proposition 1 D funds.

Consolidation

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

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (see Note 12).

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30), 2018	June 30, 2017			
	Reported Bank		Reported	Bank		
	Amount	Balance	Amount	Balance		
Deposits						
Cash on hand and in banks	\$22,096,194	\$25,888,140	\$ 9,043,882	\$10,098,608		
County pooled investment funds	504,299	N/A	790,960	N/A		
Total	\$22,600,493	\$25,888,140	\$ 9,834,842	\$10,098,608		

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, 2018 and 2017, MERF had \$25,388,140 and \$9,204,748, respectively, in excess of FDIC insured limits in bank accounts.

NOTE 4 - RESTRICTED CASH

At June 30, 2018 and 2017, cash held for restricted purposes consisted of the following:

	June 30), 2018	June 30	0, 2017
	Reported Bank		Reported	Bank
	Amount	Balance	lance Amount 1	
Bond reserve	\$ 4,553,380	\$ 4,553,380	\$ 446,563	\$ 446,563
Facility reserve	106,607	106,607	202,197	202,197
Current Restricted Cash	\$ 4,659,987	\$ 4,659,987	\$ 648,760	\$ 648,760

The majority of MERF's restricted 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, 2018 and 2017, MERF had \$4,553,130 and \$196,563, respectively, in excess of FDIC insured limits in bank accounts.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

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NOTE 5 - INVESTMENTS (CASH EQUIVALENTS)

Summary of Investments

Two MSA charter schools have investments held in county investment pools. Investments as of June 30, 2018 and 2017, are classified in the accompanying financial statements as follows:

Magnolia Science Academy San Diego

	June 30, 2018				June 30	0, 2017		
	Reported Fair Market			R	eported	Fa	ir Market	
Investment Type	Amount		Value		Value Amor			Value
San Diego County Pooled Investment Funds	\$	62,058	\$	61,400	\$	14,476	\$	14,427

Magnolia Science Academy Santa Ana

		June 30), 2018			June 30	June 30, 2017		
	Reported Fair Market Reported					Reported	Fa	ir Market	
Investment Type	Amount		ount Value		e Amount		Value		
Orange County Pooled Investment Funds	\$	442,241	\$	440,337	\$	776,484	\$	775,242	

All assets have been valued using a market approach, with quoted market prices.

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 Foundations 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. MERF manages exposure to interest rate risk by investing in the County Pool.

Weighted Average Maturity

MERF monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

Uncategorized - Investments in the Orange and San Diego County Treasury Investment Pools are not measured using the input levels above because the Foundations' transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The fair value measurements are as follows at June 30, 2018:

Magnolia Science Academy San Diego

			Fair	Weighted Average
Investment Type	Level		Value	Maturity in Days
San Diego County Treasury Investment Pool	Uncategorized		\$61,400	370
Magnolia Science Academy Santa Ana				
			Fair	Weighted Average
Investment Type	Level	•	Value	Maturity in Days
Orange County Pooled Investment Funds	Uncategorized	\$	440,337	302

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

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NOTE 7 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	2018	_	2017
Local Control Funding Formula	\$ 2,261,602		\$ 2,018,722
Federal receivable	965,463		699,232
State receivable	1,216,639		58,203
Due From LACOE	-		16,815
Local receivable	-		21,902
Lottery	335,247		379,538
Other	 2,669	_	
Total Accounts Receivable	\$ 4,781,620	_	\$ 3,194,412

NOTE 8 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

Land \$ 2,386,854 \$ 2,3	386,854
Building improvements 28,388,867 24,3	23,767
Leasehold improvements 384,879	374,818
Computer and equipment 2,775,055 2,5	536,238
Work in progress 12,119,894	735,857
Subtotal 46,055,549 30,1	57,534
Less: accumulated depreciation (4,120,699) (3,1	15,417)
Total Fixed Assets <u>\$ 41,934,850</u> <u>\$ 27,0</u>)42,117

During the years ended June 30, 2018 and 2017, \$1,228,552 and \$907,827, respectively, was charged to depreciation expense.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Salaries and benefits	\$ 733,254	\$ 751,947
Compensated absences	121,768	-
Vendor payables	1,981,453	2,324,075
Due to other agencies	395,910	136,469
Total Accounts Payable and Accruals	\$ 3,232,385	\$ 3,212,491

NOTE 10 - DEFERRED REVENUE

Deferred revenue at June 30, 2018, consisted of the following:

		 2018	 2017
State sources		\$ 2,290,659	\$ 446,563
Other		 	72,500
	Total Deferred Revenue	\$ 2,290,659	\$ 519,063

NOTE 11 - LONG-TERM OBLIGATIONS

At June 30, 2018, MERF's long-term obligations summary is as follows:

	Balance			Balance	Due in
	July 1, 2017	Additions	Deductions	June 30, 2018	One Year
Bonds payable					
(CSFA)	\$ 5,870,000	\$ 25,000,000	\$ 85,000	\$ 30,785,000	\$ 90,000
Loans (CCSFP)	8,883,784	-	244,116	8,639,668	223,520
Note payable	2,800,000	4,265,000	2,800,000	4,265,000	82,500
Total	\$ 17,553,784	\$ 29,265,000	\$ 3,129,116	\$ 43,689,668	\$ 396,020

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

At June 30, 2017, MERF's long-term obligations summary is as follows:

	Balance						Balance			Due in
	July 1, 2016		1, 2016 Additions		Deductions		June 30, 2017			One Year
Bonds payable										
(CSFA)	\$	5,950,000	\$	-	\$	80,000	\$	5,870,000	\$	85,000
Loans (CCSFP)		8,950,465		-		66,669		8,883,796		244,116
Capital leases		44,198		-		44,198		-		-
Note payable		2,800,000				_		2,800,000		2,800,000
Total	\$	17,744,663	\$		\$	190,867	\$	17,553,796	\$	3,129,116

California School Finance Authority (CSFA) School Facility Revenue Bonds

Series 2014A and 2014B

In June 2014, 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 in August 2044 with monthly interest payments due commencing July 1, 2044. At June 30, 2018, the principal balance outstanding was \$5,785,000.

Series 2017A-1 and 2017A-2

In August 2017, the CSFA issued \$25,000,000 in School Facilities Revenues, Series 2017A-1 and Series 2017A-2 for the purpose of a loan to MPM Sherman Way, LLC, MPM Santa Ana, LLC, and MPM Sand Diego, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bonds mature in July 2044 with monthly interest payments due commencing July 1, 2044. At June 30, 2018, the principal balance outstanding was \$25,000,000.

The bonds mature through 2045 as follows:

	Current Interest							
Repayment Year		Principal	t	o Maturity	Total			
2019	\$	90,000	\$	1,660,688	\$	1,750,688		
2020		620,000		1,641,088		2,261,088		
2021		655,000		1,607,444		2,262,444		
2022		685,000		1,572,269		2,257,269		
2023		720,000		1,535,387		2,255,387		
2024-2028		4,230,000		7,117,626		11,347,626		
2029-2033		4,740,000		6,498,538		11,238,538		
2034-2038		6,350,000		4,843,338		11,193,338		
2039-2043		8,520,000		2,611,500		11,131,500		
2044-2045		4,175,000		256,319		4,431,319		
Total	\$	30,785,000	\$	29,344,197	\$	60,129,197		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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JUNE 30, 2018

Debt Service Coverage and Cash Days on Hand

Under the current bonding agreement, MPM Sherman Way, MPM Santa Ana, and MPM San Diego (the Lessees) or Magnolia Educational and Research Foundation (MERF) is required to maintain a Debt Service Coverage Ratio of 1.10 to 1.00 and Cash Days on Hand of 45 days.

The Debt Service Coverage Ratio is calculated by dividing the Combined Net Income Available for Debt Service from Magnolia Science Academy (MSA) by the Maximum Annual Debt Service for all outstanding indebtedness. As of June 30, 2018, MSA had a 2.56 Debt Service Coverage Ratio and was in compliance with the 1.10 to 1.00 required ratio and cash on hand of 45 days.

Debt Service Coverage						
Not Income	¢	1 405 567				
Net Income	\$	1,425,567				
Depreciation		6,361				
Rent		916,260				
Income Available for Coverage		2,348,188				
Debt Service		916,260				
Debt Service Coverage		2.56				
Limit		1.10				
Compliance		Yes				

The Days Cash on Hand is calculated by reducing non-cash expenses from total expenses and divided by 365 days. As of June 30, 2018, MSA had 113 days cash on hand and was in compliance with the 45 days required.

Days Cash or	n Hand
Total Expenses	\$ 6,599,203
Depreciation	6,361
Cash Expenses	6,592,842
Expense/Day	18,063
Cash	2,044,087
Days Cash on Hand	113
Limit	45
Compliance	Yes

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Loans (CCSFP)

Summarized below are MERF's loans at June 30, 2018:

Balance								Balance	Due in	
	July 1, 2017		aly 1, 2017 Additions		Deductions		Jur	ne 30, 2018	One	e Year
MSA SD (CCSFP)	\$	151,806	\$	-	\$	-	\$	151,806	\$	-
MSA SA (Revolving)		25,000		-		25,000		-		-
MSA SA (CCSFP)		8,706,978				219,116		8,487,862	2	23,520
Total	\$	8,883,784	\$		\$	244,116	\$	8,639,668	\$ 2	23,520

Magnolia Science Academy Santa Ana (MSA SA)

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, 2018, 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 MSA SA's State School Fund Apportionments. At June 30, 2018, the loan was paid in full.

Magnolia Science Academy Santa Ana has been approved by the State of California's Charter School Facilities Program (CCSFP) 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 \$8,706,990 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, 2018, was \$8,487,862. The current portion due in 2017-2018 is \$223,520.

Magnolia Science Academy San Diego (MSA SD)

Magnolia Science Academy San Diego has been approved by the State of California's Charter School Facilities Program (CCSFP) 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 MSA SD's State School Fund Apportionments. The outstanding loan balance as of June 30, 2018, was \$151,806.

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Note Payable

Magnolia Science Academy (MSA 1)

MSA entered into a promissory note agreement with Luxor Properties, Inc. and Michael William Spivak, to purchase the property located at 18220-18228 Sherman Way, Los Angeles, California. MSA 1 received a loan in the amount of \$2,800,000. The loan bears an interest rate of 6.50 percent. The terms of the loan require monthly interest payments of \$15,667 for a 23-month period and the remaining principal balance on the final payment. At June 30, 2018, this note was paid in full.

On December 1, 2017, Magnolia Educational & Research Foundation entered into a promissory note agreement with MPM Santa Ana LLC. The loan agreement provides that the loan will be funded in two tranches. The initial advance of \$1,480,000 on September 6, 2017 and the second advance of \$2,785,000 on December 22, 2017. Monthly payment terms include an interest rate of ten percent beginning in 2017 and maturing June 30, 2045. Total payment made in 2017-2018 was \$226,533 in interest only. Principle payments begin August 1, 2018. The balance as of June 30, 2018 was \$4,265,000.

Future payments are as follows:

Fiscal Year End	ling
-----------------	------

June 30,	Payments
2019	509,000
2020	512,833
2021	508,375
2022	503,417
2023	497,958
2024-2028	2,380,666
2029-2033	2,137,583
2034-2038	1,983,127
2039-2043	1,777,458
2044-2045	352,625
Less: Amount Representing Interest	(6,898,042)
Total	\$ 4,265,000

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NOTE 12 - FACILITIES USES AGREEMENTS/OPERATING LEASES

Total rental and facility expenses were \$1,027,496 for year ended June 30, 2018, for the sole purpose of operating the Foundations' education programs, related Charter Schools' activities. Future rental and facility expenses are as follows:

Fiscal Year	Future Lease
Ending	Commitments
2019	\$ 926,408
2020	1,153,425
2021	927,619
2022	944,561
2023	639,275
Thereafter	10,763,284_
Total	\$ 15,354,572

Lease Commitments

	Future Lease	
Charter School	C	ommitments
MSA 1	\$	12,937,551
MSA 7		1,079,021
MSA SD		480,000
MERF Office		858,000
Total	\$	15,354,572

NOTE 13 - FAIR VALUE FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of MERF financial instruments as of June 30, 2018 are as follows:

	June 30, 2018		June 30, 2017	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
Cash and cash equivalents	\$ 22,600,493	\$ 22,600,493	\$ 9,834,842	\$ 9,833,550
Restricted cash and cash				
equivalents	4,659,987	4,659,987	648,760	648,760
Revolving and CCSF loans	8,639,668	8,639,668	8,883,796	8,883,796
Notes payable	4,265,000	4,265,000	2,800,000	2,800,000
Bonds payable (CSFA)	30,785,000	30,785,000	5,870,000	5,870,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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JUNE 30, 2018

NOTE 14 - 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 Foundation chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Foundation 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 Foundation 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

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 Foundation 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, 2018, are summarized as follows:

_	STRP Defined Benefit Program		
Hire date	On or before	On or after	
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

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, 2018, are presented above and the Foundation's total contributions were \$2,272,070.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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 Foundation 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, 2018, are presented above and the total Charter School contributions were \$485,547.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,087,636 (9.328 percent of salaries 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 15 - 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 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the years ended June 30, 2018 and 2017, Magnolia Science Academy Charter Schools made payments of \$448,499 and \$392,554, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, MERF had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 16 - CONTINGENCIES

Grants

MERF has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the Office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MERF is not currently a party to any legal proceedings.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

NOTE 17 - SUBSEQUENT EVENTS

MERF's management has evaluated events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements through ______, 2018, which is the date the consolidated 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 consolidated financial statements.

SUPPLEMENTARY INFORMATION

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

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CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

		Pass-Through Entity	
Federal Grantor/Pass-Through	CFDA	Identifying	Program
Grantor/Program	Number	Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE): Special Education:			
•	94.027	12270	\$ 572.884
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 572,884
Title I, Part A, Basic Grants Low Income and Neglected Title I, Part G: Advanced Placement (AP) Test Fee	84.010	14329	1,428,512
Reimbursement Program	84.330B	14831	271
Title II, Part A, Supporting Effective Instruction	84.367	14341	165,992
Title III, English Learner Student Program	84.365	14346	66,026
State Charter School Facilities Incentive Grants	84.242D	[1]	507,580
Total U.S. Department of Education			2,741,265
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE): Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13525	68,717
Especially Needy Breakfast	10.553	13526	280,828
National School Lunch Program	10.555	13524	731,203
Food Distribution	10.555	13524	29,288
Total Child Nutrition Cluster			1,110,036
Total U.S. Department of Agriculture			1,110,036
Total Federal Programs			\$ 3,851,301

^[1] Pass-Through Entity Identifying Number not available.

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

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LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE FOR THE YEAR ENDED JUNE 30, 2018

ORGANIZATION

MERF operates ten schools in California under ten 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, 2018, the Foundations operated by MERF were as follows:

					Number of
Charter	Charter	Sponsoring	Charter	Grades	Students
School Name	Number	District	Expiration	Served	Served
Magnolia Science Academy	0438	Los Angeles COE	June 30, 2022	6-12	537
Magnolia Science Academy 2	0906	Los Angeles COE	June 30, 2022	6-12	448
Magnolia Science Academy 3	0917	Los Angeles COE	June 30, 2022	6-12	455
Magnolia Science Academy 4	0986	Los Angeles USD	June 30, 2023	6-12	185
Magnolia Science Academy 5	0987	Los Angeles COE	June 30, 2023	6-12	206
Magnolia Science Academy 6	0988	Los Angeles USD	June 30, 2019	6-8	155
Magnolia Science Academy 7	0989	Los Angeles USD	June 30, 2019	K-5	200
Magnolia Science Academy Bell	1236	Los Angeles USD	June 30, 2020	6-8	487
Magnolia Science Academy San Diego	0698	San Diego USD	June 30, 2020	6-8	397
Magnolia Science Academy Santa Ana	1686	CDE	June 30, 2019	K-12	720

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

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LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE, Continued FOR THE YEAR ENDED JUNE 30, 2018

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Mr. Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018 ² Resigned June 30, 2018

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION JUNE 30, 2018

	MERF	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 475,054	\$2,044,087	\$1,094,844	\$ 740,137	\$1,336,770	\$1,731,955	\$ 1,442,531
Restricted cash and cash							
equivalents	-	-	-	-	-	-	-
Accounts receivable	-	1,349,175	521,854	440,748	156,659	157,623	162,484
Intra-company receivable	2,263,534	588,400	62,177	6,604	936	22,592	2,500
Prepaid expenses and other							
current assets	419,062	260,679	87,263	1,743	377	11,698	14,884
Total Current Assets	3,157,650	4,242,341	1,766,138	1,189,232	1,494,742	1,923,868	1,622,399
Non-Current Assets:							
Debt issue cost, net	-	-	-	-	-	-	-
Investments in LLC's	-	161,923	-	-	-	-	-
Security deposits	16,000	-	-	-	-	-	-
Fixed assets	134,513	1,489,734	410,237	267,427	178,296	205,518	158,971
Less: accumulated depreciation	(117,723)	(665,047)	(294,698)	(181,398)	(131,837)	(123,576)	(130,981)
Total Non-Current							
Assets	32,790	986,610	115,539	86,029	46,459	81,942	27,990
Total Assets	\$3,190,440	\$5,228,951	\$1,881,677	\$1,275,261	\$1,541,201	\$2,005,810	\$ 1,650,389
LIABILITIES							
Current Liabilities:							
Accounts payable and accruals	\$ 296,731	\$ 267,565	\$ 729,383	\$ 208,639	\$ 70,621	\$ 102,310	\$ 46,433
Intra-company payable	2,099,748	149,542	35,064	2,905	66	8,168	58
Deferred revenue	-	-	-	-	-	-	-
Current portion of long-term							
obligations	-	-	-	-	-	-	-
Total Current Liabilities	2,396,479	417,107	764,447	211,544	70,687	110,478	46,491
Long-Term Obligations:	\ <u>-</u>						
Non-current portion of long-term							
obligations							
Total Liabilities	2,396,479	417,107	764,447	211,544	70,687	110,478	46,491
NET ASSETS	•						
Unrestricted (deficit)	793,961	4,446,128	834,378	788,750	1,205,407	1,644,202	1,491,714
Designated		365,716	282,852	274,967	265,107	251,130	112,184
Total Net Assets	793,961	4,811,844	1,117,230	1,063,717	1,470,514	1,895,332	1,603,898
Total Liabilities and							
Net Assets	\$3,190,440	\$5,228,951	\$1,881,677	\$1,275,261	\$1,541,201	\$2,005,810	\$ 1,650,389

					MPM Inc./			Memo 2017
N	ISA-7	MSA-Bell	MSA-SD	MSA-SA	LLC	Elimination	Total	Total
\$ 1	,269,979	\$ 1,907,434	\$ 657,784	\$ 708,858	\$ 9,191,060	\$ -	\$ 22,600,493	\$ 9,834,842
	_	-	106,607	-	4,553,380	-	4,659,987	648,760
	318,241	385,404	271,945	1,017,487	-	-	4,781,620	3,194,412
	-	1,722,916	-	34,430	-	(4,704,089)	-	-
	22,337	79,980	128,519	866			1,027,408	1,620,157
1	,610,557	4,095,734	1,164,855	1,761,641	13,744,440	(4,704,089)	33,069,508	15,298,171
					1.076.100		1.076.100	250.702
	-	-	100 101	75.554	1,076,199	(435,668)	1,076,199	358,782
	- 7,227	-	198,191	75,554 19,890	-	(433,008)	43,117	64,690
	290,998	320,329	667,450	22,622,538	19,309,538	-	46,055,549	30,157,534
	(122,900)	(187,190)	(372,561)	(1,091,112)	(701,676)	_	(4,120,699)	(3,115,417)
	(122,500)	(107,170)	(572,501)	(1,0)1,112)	(701,070)		(1,120,0))	(3,110,117)
	175,325	133,139	493,080	21,626,870	19,684,061	(435,668)	43,054,166	27,465,589
\$ 1	,785,882	\$ 4,228,873	\$ 1,657,935	\$ 23,388,511	\$ 33,428,501	\$ (5,139,757)	\$ 76,123,674	\$ 42,763,760
\$	277,107	\$ 144,722	\$ 137,405	\$ 951,469	\$ -	\$ -	\$ 3,232,385	\$ 3,212,491
	10,579	434	215,638	2,181,887	-	(4,704,089)	-	-
	-	-	-	-	2,290,659	-	2,290,659	519,063
				306,020			306,020	3,129,116
-	287,686	145,156	353,043	3,439,376	2,290,659	(4,704,089)	5,829,064	6,860,670
	207,000	110,100	355,015	3,133,370	2,2,0,00,	(1,701,00)	3,023,001	0,000,070
			151,806	12,446,842	30,785,000		43,383,648	14,424,680
	287,686	145,156	504,849	15,886,218	33,075,659	(4,704,089)	49,212,712	21,285,350
1	,243,634	3,810,806	803,763	7,487,577	352,842	(435,668)	24,467,494	20,413,178
	254,562	272,911	349,323	14,716			2,443,468	1,065,232
1	,498,196	4,083,717	1,153,086	7,502,293	352,842	(435,668)	26,910,962	21,478,410
\$ 1	,785,882	\$ 4,228,873	\$ 1,657,935	\$ 23,388,511	\$ 33,428,501	\$ (5,139,757)	\$ 76,123,674	\$ 42,763,760

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

CONSOLIDATING STATEMENT OF ACTIVITIES JUNE 30, 2018

	MERF	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6
CHANGES IN UNRESTRICTED NET A	SSETS						
REVENUES							
State apportionments	\$ -	\$ 5,502,695	\$ 4,472,148	\$ 4,459,164	\$ 1,713,551	\$ 1,927,351	\$ 1,449,785
Federal revenue	-	980,659	489,784	444,672	243,319	218,909	143,028
Other State revenue	-	1,589,193	825,899	925,197	444,462	481,588	374,247
Rent revenue	-	-	-	-	-	-	-
Local revenue	6,803,273	175,333	105,589	84,847	45,510	124,580	52,349
Total Revenues	6,803,273	8,247,880	5,893,420	5,913,880	2,446,842	2,752,428	2,019,409
EXPENSES							
Program services:							
Salaries and benefits	2,377,403	3,015,806	2,627,816	2,575,050	1,005,461	1,207,677	887,176
Student services	-	151,514	183,325	220,659	173,790	167,097	80,009
Materials and supplies	-	63,887	70,533	-	29,527	33,358	18,712
Student nutrition	16,645	238,193	222,727	189,326	64,698	85,556	44,443
Other expenses	88,051	90,337	103,544	74,152	38,253	56,762	34,220
Subtotal	2,482,099	3,559,737	3,207,945	3,059,187	1,311,729	1,550,450	1,064,560
EXPENSES (Continued)							
Management and general:							
Salaries and benefits	594,351	753,952	666,961	643,762	247,132	291,913	221,794
Depreciation	933	6,361	48,000	22,407	15,656	11,392	28,726
Insurance	11,628	-	-	-	-	-	-
Management fee	-	1,095,870	993,132	993,132	82,190	82,190	82,190
Occupancy	165,442	982,094	356,041	261,243	134,184	119,251	125,889
Operating expenses	1,988,081	378,797	401,197	502,393	215,596	177,457	151,273
Debt service	-	-	-	-	-	-	-
Interest	-	45,500	-	-	-	-	-
Subtotal	2,760,435	3,262,574	2,465,331	2,422,937	694,758	682,203	609,872
Total Expenses	5,242,534	6,822,311	5,673,276	5,482,124	2,006,487	2,232,653	1,674,432
CHANGE IN UNRESTRICTED			•				
NET ASSETS BEFORE							
EXTRAORDINARY ITEM	1,560,739	1,425,569	220,144	431,756	440,355	519,775	344,977
Extraordinary item - MSA Santa Clara		-	-	-	-	-	-
CHANGE IN UNRESTRICTED NET							
ASSETS	1,560,739	1,425,569	220,144	431,756	440,355	519,775	344,977
NET ASSETS (DEFICIT),	7- ~~ 1 - ~ ~	,,>	,	,	,	, •	
BEGINNING OF YEAR	(766,778)	3,386,275	897,086	631,961	1,030,159	1,375,557	1,258,921
Contributed capital	,						
ATTEN A COMPANY (PARTY CAMP)	-	-	-	-	-	-	-
NET ASSETS (DEFICIT), END OF YEAR							

				MPM Inc./			Memo 2017
MSA-7	MSA-Bell	MSA-SD	MSA-SA	LLC	Elimination	Total	Total
\$ 2,565,977	\$ 4,538,699	\$ 2,947,210	\$ 6,682,934	\$ -	\$ -	\$ 36,259,514	\$ 34,483,963
241,181	342,604	117,595	629,550	-	-	3,851,301	3,756,458
945,358	980,866	788,908	841,029	-	-	8,196,747	6,383,153
-		-	-	880,748	(880,748)	-	-
98,633	74,954	99,365	173,872	66,546	(6,376,553)	1,528,298	1,400,619
3,851,149	5,937,123	3,953,078	8,327,385	947,294	(7,257,301)	49,835,860	46,024,193
1,393,792	2,287,778	1,901,413	4,074,261	-	-	23,353,633	23,151,926
177,626	231,491	181,840	300,117	-	_	1,867,468	2,173,408
45,381	27,207	8,906	128,857	-	_	426,368	839,491
93,406	144,444	31,385	341,506	_	_	1,472,329	1,670,987
48,552	124,961	50,080	139,263			848,175	1,221,591
1,758,757	2,815,881	2,173,624	4,984,004	_	_	27,967,973	29,057,403
240 440	520.574	472 207	000 000			5 770 102	5 707 002
348,448	539,574	472,297	990,009	460.502	-	5,770,193	5,787,982
18,515	57,572	30,567	527,830	460,593	-	1,228,552	907,827
	1 007 070	-	1 005 070	-	-	11,628	790
547,935	1,095,870	324,470	1,095,870	-	(6,376,553)	16,296	326,637
293,076	318,111	698,460	40,911	-	(880,748)	2,613,954	1,809,451
398,552	392,797	349,260	616,512	-	-	5,571,915	6,622,041
-	-	-	-	691,435	-	691,435	360,088
-	. 	. 	446,968	<u> </u>		492,468	173,344
1,606,526	2,403,924	1,875,054	3,718,100	1,190,922	(7,257,301)	16,435,335	16,000,974
3,365,283	5,219,805	4,048,678	8,702,104	1,190,922	(7,257,301)	44,403,308	45,058,377
485,866	717,318	(95,600)	(374,719)	(243,628)	-	5,432,552	965,816
-		- (>0,000)	- (87.,715)	(= 10,020)			(348,866)
							(= 10,000)
485,866	717,318	(95,600)	(374,719)	(243,628)	_	5,432,552	616,950
103,000	111,510	(22,000)	(3/7,/17)	(213,020)	_	5,152,552	010,550
1,012,330	3,366,399	1,248,686	7,877,012	160,802	-	21,478,410	20,861,460
				435,668	(435,668)		
\$ 1,498,196	\$ 4,083,717	\$ 1,153,086	\$ 7,502,293	\$ 352,842	\$ (435,668)	\$ 26,910,962	\$ 21,478,410

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FOUNDTATION ONLY COMPARATIVE STATEMENT OF FINANCIAL POSITION (With comparative financial information at June 30, 2017)

JUNE 30, 2018

	2018	 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 475,054	\$ 52,671
Accounts receivable	-	463
Intra-company receivable	2,263,534	2,798,858
Prepaid expenses and other current assets	419,062	417,711
Total Current Assets	3,157,650	 3,269,703
Non-Current Assets:		
Security deposits	16,000	16,000
Fixed assets	134,513	134,513
Less: accumulated depreciation	(117,723)	 (116,790)
Total Non-Current Assets	32,790	33,723
Total Assets	\$ 3,190,440	\$ 3,303,426
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 296,731	\$ 443,504
Intra-company payable	2,099,748	3,554,200
Deferred revenue		72,500
Total Liabilities	2,396,479	4,070,204
NET ASSETS		
Unrestricted	793,961	(766,778)
Total Liabilities and Net Assets	\$ 3,190,440	\$ 3,303,426

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FOUNDATION ONLY COMPARATIVE STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

		2018		2017
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUES				
Local revenue	\$	6,803,273	\$	6,522,442
EXPENSES				
Program services:				
Salaries and benefits		2,377,403		2,817,654
Materials and supplies		-		12,200
Student nutrition		16,645		28,445
Other expenses		88,051		107,407
Subtotal		2,482,099		2,965,706
Management and general:				
Salaries and benefits	\$	594,351	\$	704,413
Depreciation Depreciation	Ψ	933	Ψ	1,440
Insurance		11,628		790
Occupancy		165,442		157,972
Operating expenses		1,988,081		2,368,307
Interest				74
Subtotal		2,760,435		3,232,996
Total Expenses		5,242,534		6,198,702
CHANGE IN UNRESTRICTED NET ASSETS				
BEFORE EXTRAORDINARY ITEM		1,560,739		323,740
Extraordinary item - equity transfer		-		(768,450)
Extraordinary item - MSA Santa Clara		_		(348,866)
Total extraordinary items		-		(1,117,316)
CHANGE IN UNRESTRICTED NET ASSETS		1,560,739		(793,576)
NET ASSETS, BEGINNING OF YEAR		(766,778)		26,798
NET ASSETS, END OF YEAR	\$	793,961	\$	(766,778)
ILLINOETO, ETO OF TEAR	φ	173,701	φ	(700,770)

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FOUNDATION ONLY COMPARATIVE STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES		2010		
Change in Unrestricted Net Assets	\$	1,560,739	\$	(793,576)
Adjustments to reconcile change in net assets to		, ,	·	(/
net cash provided by (used in) operating activities:				
Depreciation expense		933		1,440
Changes in operating assets and liabilities:		, , ,		-,
(Increase) Decrease in assets				
Accounts receivable		463		98,152
Intra-company receivable		535,324		(243,308)
Prepaid expenses and other current assets		(1,351)		(376,983)
Security deposits		(1,331)		1,525
Increase (Decrease) in liabilities				1,525
Accounts payable and accruals		(146,773)		(139,293)
Intra-company payable		(1,454,452)		1,366,413
Deferred revenue		(72,500)		72,500
Net Cash Provided by (Used in)		(72,300)		72,500
Operating Activities		422,383		(13,130)
Operating Activities		422,303		(13,130)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan principal payments				(16,667)
NET CHANGE IN CASH		422,383		(29,797)
CASH AND CASH EQUIVALENTS,	-	722,303		(2),1)1)
BEGINNING OF YEAR		52,671		82,468
CASH AND CASH EQUIVALENTS,		32,071		02,100
END OF YEAR	\$	475,054	\$	52,671
Supplemental cash flow disclosure:				
Cash paid during the period for interest	\$		\$	74

${\bf MAGNOLIA\ EDUCATIONAL\ \&\ RESEARCH\ FOUNDATION}$

(A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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 Magnolia Science Academy charter schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Magnolia Science Academy charter schools have not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the Foundations 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, MSA Santa Ana, MSA San Diego, and CMO fees paid to MERF from the MSA charter schools in accordance with the structured fee schedule.

Foundation Only Comparative Statements

The accompanying foundation only comparative financial statements report the individual program of MERF and are presented on the accrual basis of accounting.

INDEPENDENT AUDITOR'S REPORTS

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 Educational & Research Foundation (A California Nonprofit Public Benefit Corporation) Los Angeles, California

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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

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

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

Rancho Cuc	amonga,	California
		, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Magnolia Educational & Research Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Magnolia Educational & Research Foundation's (the Charter) major Federal programs for the year ended June 30, 2018. Magnolia Educational & Research Foundation'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 federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Magnolia Educational & Research Foundation'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Educational & Research Foundation'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 Educational & Research Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Magnolia Educational & Research Foundation 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, 2018.

Report on Internal Control Over Compliance

Management of Magnolia Educational & Research Foundation 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 Educational & Research Foundation'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 the Uniform Guidance, 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 Educational & Research Foundation'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rancho	Cucamonga,	California
	_	, 2018

 ${\it SCHEDULE~OF~FINDINGS~AND~QUESTIONED~COSTS}$

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS			
Type of auditor's report issued:		Unı	modified
Internal control over financial re	eporting:		
Material weakness identifie	d?		No
Significant deficiency identi	fied?	None	e reported
Noncompliance material to fina	ncial statements noted?		No
FEDERAL AWARDS			
Internal control over major Fed	eral programs:		
Material weakness identifie	d?		No
Significant deficiency identi	fied?	None	e reported
Type of auditor's report issued	on compliance for major Federal programs:	Unı	modified
Any audit findings disclosed that with Section 200.516(a) of the	t are required to be reported in accordance Uniform Guidance?		No
Identification of major Federal	programs:		
CFDA Number(s)	Name of Federal Program or Cluster Title I, Part A, Basic Grants Low		
84.010	Income and Neglected	_	
Dollar threshold used to disting	uish between Type A and Type B programs:	\$	750,000
Auditee qualified as low-risk au	ditaa?		Vec

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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

In planning and performing our audit of the financial statements of Magnolia Educational & Research Foundation (MERF) for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for the year ended June 30, 2018.

Rancho Cucamonga,	California
. 2018	

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

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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 (MSA) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2017-2018 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 MSA'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 MSA'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA, as of June 30, 2018 and 2017, and the respective changes in financial position and 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 as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
	, 2018	

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	2018			2017		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$	2,044,087	\$	1,311,426		
Accounts receivable		1,349,175		878,726		
Intra-company receivable		588,400		472,932		
Prepaid expenses and other current assets		260,679		280,865		
Total Current Assets		4,242,341		2,943,949		
Non-Current Assets:						
Investments in LLC		161,923		-		
Fixed assets		1,489,734		4,731,515		
Less: accumulated depreciation		(665,047)		(892,019)		
Total Non-Current Assets		986,610		3,839,496		
Total Assets	\$	5,228,951	\$	6,783,445		
LIABILITIES						
Current Liabilities:						
Accounts payable and accruals	\$	267,565	\$	361,845		
Intra-company payable		149,542		235,325		
Current portion of long-term obligation		-		2,800,000		
Total Current Liabilities		417,107		3,397,170		
NET ASSETS						
Unrestricted		4,446,128		3,220,044		
Designated		365,716		166,231		
Total Net Assets	-	4,811,844	-	3,386,275		
Total Liabilities and Net Assets	\$	5,228,951	\$	6,783,445		

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

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	2017	
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues:			
State apportionments	\$ 5,502,695	\$	5,303,302
Federal revenue	980,659		877,014
Other State revenue	1,589,193		1,303,726
Local revenue	175,333		170,676
Total Revenues	8,247,880		7,654,718
EXPENSES			
Program services:			
Salaries and benefits	3,015,806		3,072,266
Student services	151,514		251,718
Materials and supplies	63,887		214,078
Student nutrition	238,193		261,320
Other expenses	90,337		171,166
Subtotal	3,559,737		3,970,548
Management and general:			
Salaries and benefits	\$ 753,952	\$	768,066
Depreciation	6,361		146,154
Management fee	1,095,870		1,055,710
Occupancy	982,094		571,057
Operating expenses	378,797		744,118
Interest	45,500		173,203
Subtotal	3,262,574		3,458,308
Total Expenses	 6,822,311		7,428,856
CHANGE IN UNRESTRICTED NET ASSETS	1,425,569		225,862
NET ASSETS, BEGINNING OF YEAR	3,386,275		3,160,413
NET ASSETS, END OF YEAR	\$ 4,811,844	\$	3,386,275

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

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017		
CASH FLOWS FROM OPERATING ACTIVITIES		2010		2017		
Change in unrestricted net assets	\$	1,425,569	\$	225,862		
Adjustments to reconcile change in net assets to	Ψ	1,125,505	Ψ	223,002		
net cash provided (used) by operating activities:						
Depreciation expense		6,361		146,154		
Changes in operating assets and liabilities:		0,501		110,121		
(Increase) Decrease in assets						
Accounts receivable		(470,449)		(438,707)		
Intra-company receivable		(115,468)		(472,932)		
Prepaid expenses and other current assets		20,186		(280,865)		
Cash received for security deposits - net		20,100		39,035		
Increase (Decrease) in liabilities				37,033		
Accounts payable and accruals		(94,280)		296,932		
Intra-company payable		(85,783)		235,325		
Net Cash Provided (Used) by		(65,765)		233,323		
Operating Activities		686,136		(249,196)		
Operating Activities		000,130		(247,170)		
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital contribution in LLC's		(161,923)		-		
Capital expenditures		3,008,448		(2,977,092)		
Net Cash Provided (Used) by Investing Activities		2,846,525	(2,977,092)			
CASH FLOWS FROM FINANCING ACTIVITIES						
Loan Proceeds		_		2,800,000		
Loan principal payments		(2,800,000)				
Net Cash Provided (Used) by Investing Activities		(2,800,000)		2,800,000		
NET CHANGE IN CASH		732,661		(426,288)		
CASH AND CASH EQUIVALENTS,		732,001		(420,288)		
BEGINNING OF YEAR		1,311,426		1,737,714		
CASH AND CASH EQUIVALENTS,		1,311,420		1,/3/,/14		
END OF YEAR	\$	2,044,087	\$	1,311,426		
Shows laws and a sale floor disalone						
Supplemental cash flow disclosure:	¢.	45.500	ф	170 202		
Cash paid during the period for interest	\$	45,500	\$	173,203		

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

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy

Charter school number authorized by the State: 0438

Magnolia Science Academy (MSA) is a charter school located in Reseda, California that provides sixth through twelfth grade education to approximately 537 students. MSA 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 County Office of Education approved a new charter agreement in 2016 for a period of five years ending in 2022. MSA is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA's Charter School Management Organization (CMO) that manages MSA's nonacademic operation such as financial, general administration, and human resource management. MSA'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 - MSA 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 MSA. Additional information is presented in Note 14 to the financial statements.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation

MSA 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. MSA had no temporarily or permanently restricted net assets, as of June 30, 2018 and 2017, respectively. In addition, MSA 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. MSA 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 2017-2018, MSA did not receive any donor-restricted contributions.

Income Taxes

MSA is operated by MERF 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 2014 and forward may be audited by regulatory agencies; however, MSA is not aware of any such actions at this time.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

MSA 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, MSA 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, 2018 and 2017, 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. MSA has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$6,361 and \$146,154, respectively.

Deferred Revenue

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

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA' 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. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

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 MSA consist of the following:

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

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

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 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, 2018 and 2017, MSA has \$365,716 and \$166,231, respectively, designated balance for California Clean Energy Jobs Act and Educator Effectiveness and College Readiness.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA and reimbursement for those resources.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (see Note 11).

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30	0, 2018	June 30, 2017			S June 30, 2017		
	Reported	Bank	Reported	Bank				
	Amount	Balance	Amount	Balance				
Deposits								
Cash on hand and in banks	\$ 2,044,087	\$ 2,188,763	\$ 1,311,426	\$ 1,412,747				

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA maintains its cash in bank deposit accounts that at times may exceed federally insured limits. MSA has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA had a balance of \$2,153,528 and \$1,376,354, respectively, in excess of FDIC insured limits. Management believes MSA is not exposed to any significant risk related to cash.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	2018		2017	
State principal apportionment	\$	388,547	\$	347,155
Due from other agencies		-		3,284
Federal receivable		160,149		360,441
State receivable		748,648		112,034
Lottery		51,831		46,655
Local receivable		-		9,157
Total Accounts Receivable	\$	1,349,175	\$	878,726

NOTE 5 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA and reimbursement for those resources from MSA to the Foundation, and cash transfers for cash flow purposes. MSA 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, 2018 and 2017, MSA had an intra-company receivable balance of \$588,400 and \$472,932, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	 2018	2017		
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 260,679	\$	280,865	

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Building	\$ -	\$ 2,800,000
Computer and equipment	422,141	283,867
Land	-	1,000,000
Building improvements	374,818	647,648
Work in progress	692,775	692,775
Subtotal	1,489,734	5,424,290
Less: accumulated depreciation	(665,047)	(892,019)
Total Fixed Assets	\$ 824,687	\$ 4,532,271

During the year ended June 30, 2018 and 2017, \$6,361 and \$146,154, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Salaries and benefits	\$ 94,591	\$ 77,720
Vendor payables	64,974	275,408
Due to other agencies	108,000	 8,717
Total Accounts Payable	\$ 267,565	\$ 361,845

NOTE 9 - INTRA-COMPANY PAYABLE

The June 30, 2018, intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA and reimbursement for those resources from MSA to the Foundation, and cash transfers for cash flow purposes. MSA 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, 2018 and 2017, MSA had an intra-company payable balance of \$149,542 and \$235,325, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS

Debt Service Coverage and Cash Days on Hand

Under the current bonding agreement, the Lessee or Magnolia Educational and Research Foundation (MERF) is required to maintain a Debt Service Coverage Ratio of 1.10 to 1.00 and Cash Days on Hand of 45 days.

The Debt Service Coverage Ratio is calculated by dividing the Combined Net Income Available for Debt Service from Magnolia Science Academy (MSA) by the Maximum Annual Debt Service for all outstanding indebtedness. As of June 30, 2018, MSA had a 2.56Debt Service Coverage Ratio and was in compliance with the 1.10 to 1.00 required ratio.

Debt Service Coverage	
Net Income	\$ 1,425,567
Depreciation	6,361
Rent	916,260
Income Available for Coverage	2,348,188
Debt Service	916,260
Debt Service Coverage	2.56
Limit	1.10
Compliance	Yes

The Days Cash on Hand is calculated by reducing non-cash expenses from total expenses and divided by 365 days. As of June 30, 2018, MSA had 113 days cash on hand and was in compliance with the 45 days required.

Days Cash on Hand		
Total Expenses	\$ 6,599,203	
Depreciation	6,361	
Cash Expenses	6,592,842	
Expense/Day	18,062.58	
Cash	2,044,087	
Days Cash on Hand	113	
Limit	45	
Compliance	Yes	

Purpose: To ensure that the charter is in compliance with the debt covenants.

Procedure: The auditor obtained the covenant calculation from Brock Atar (Senior Financial Analyst) and footed for accuracy check tied to the Balance sheet and Income Statement.

Conclusion: Based on the procedure performed the auditor determined that the charter is in conjunction with the debt covenants.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 11 - OPERATING LEASES

Magnolia Science Academy entered into a lease agreement with MPM Sherman Way LLC, a California limited liability company on June 1, 2014 and August 1, 2017 for the refinancing of the acquisition and construction of charter school facilities under the Series 2014 and 2017 Loans for property located at 18238 Sherman Way, Reseda, California. The 2014 and 2017 loans are in relations to California School Finance Authority School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014A and Series 2014B (Taxable) and (Magnolia Public Schools-Obligated Group) Draw Down Series 2017, respectively. Monthly payments shall begin September 25, 2017 and the lease expires on June 25, 2044. Lease payments during 2017-2018 were \$ 916,260.

The future minimum lease commitments are as follows:

	Facility
	Lease
Fiscal Year	Payment
2019	\$ 1,291,901
2020	1,295,589
2021	1,295,476
2022	1,297,781
2023	1,302,336
Thereafter	28,563,252
Total	\$35,046,335

NOTE 12 - RELATED PARTY TRANSACTIONS

MSA is part of the Foundation. MSA pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for fiscal years ended June 30, 2018 and 2017, were \$1,095,870 and \$1,055,710, respectively.

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).

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 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

MSA 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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.

MSA 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program		
Hire date	On or before	On or after	
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

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, 2018, are presented above and MSA's total contributions were \$404,295.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are summarized as follows:

mber 31, January 1, 2013
inoci 51, 3 anuary 1, 2015
at 55 2% at 62
of service 5 years of service
ly for life Monthly for life
55 62
- 2.5% 1.0% - 2.5%
00% 6.5%
531% 15.531%
() ()

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. MSA 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, 2018, are presented above and the total Charter School contributions were \$73,135.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$218,863 (9.328 percent of salaries 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.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 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 MSA and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA 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 MSA are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA made payments of \$61,724 and \$33,177, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, MSA had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 15 - CONTINGENCIES

Grants

MSA has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the Office of Inspector General will not be moving forward on this matter at this time". 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 is not currently a party to any legal proceedings.

NOTE 16 - SUBSEQUENT EVENTS

MSA's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through ______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2018

		Pass-Through Entity	
Federal Grantor/Pass-Through	CFDA	Identifying	Program
Grantor/Program	Number	Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Special Education:			
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14981	235,579
Title I, Part G: Advanced Placement (AP) Test Fee			
Reimbursement Program	84.330	14831	26,218
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	65,612
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	414
State Charter School Facilities Incentive Grants	84.242D	[1]	355,411
Section 611	84.027	13379	69,887
Total U.S. Department of Education			753,121
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
Especially Needy Breakfast	10.553	13526	75,295
National School Lunch Program	10.555	13524	147,998
Food Distribution	10.555	13524	4,245
Total Child Nutrition Cluster			227,538
Total U.S. Department of Agriculture			227,538
Total Federal Programs			\$ 980,659

[1] Pass-Through Entity Identifying Number not available

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy (Charter Number 0438) was granted on December 20, 2016, by the Los Angeles County of Education. MSA operates one school, grades six through twelve.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D². Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Re	Final Report		
	Second Period	Annual		
	Report	Report		
Regular ADA				
Sixth	85.05	84.62		
Seventh and eighth	163.26	163.74		
Ninth through twelfth	274.54	273.37		
Total Regular ADA	522.85	521.73		
Classroom based ADA				
Sixth	85.05	84.62		
Seventh and eighth	163.26	163.74		
Ninth through twelfth	274.54	273.37		
Total Classroom based ADA	522.85	521.73		

MSA did not operate a non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		66,165	180	N/A	Complied
Grade 7		66,165	180	N/A	Complied
Grade 8		66,165	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		66,165	180	N/A	Complied
Grade 10		66,165	180	N/A	Complied
Grade 11		66,165	180	N/A	Complied
Grade 12		66,165	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET ASSETS

Net Assets, June 30, 2018, Unaudited Actuals	\$ 4,811,844
Increase (Decrease) in:	
Accounts Receivable	(1,232,592)
Intra-company receivable	588,400
Prepaid expenses and other current assets	258,995
Investment in LLC	161,923
Fixed assets	354,192
(Increase) Decrease in:	
Accounts payable and accruals	18,624
Intra-company payable	(149,542)
Net Assets, June 30, 2018,	
Audited Financial Statement	\$ 4,811,844

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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 MSA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. MSA has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA and whether MSA complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

MSA must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA'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 MSA's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA'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 MSA'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

As part of obtaining reasonable assurance about whether MSA'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 MSA in a separate letter dated _______, 2018.

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

Rancho Cucamonga, California ______, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Unmodified Opinion on Compliance for Each Major Program; No Material Weaknesses or Significant Deficiencies in Internal Control Over Compliance Identified)

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 Compliance Supplement* that could have a direct and material effect on each of Magnolia Science Academy's (MSA) major Federal programs for the year ended June 30, 2018 and 2017. 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 federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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, 2018.

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 the Uniform Guidance, 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rancho C	ucamonga,	California
		, 2018

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 (MSA) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA'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 2017-2018 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 MSA'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 MSA's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 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, 2018.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	refrontied
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

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

MSA does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

MSA did not operate Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

Rancho Cucamonga, Californ	nia
	2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS				
Type of auditor's report issued:		Un	modified	
Internal control over financial repo	orting:			
Material weakness identified	?		No	
Significant deficiency identifi	ed?	Non	e reported	
Noncompliance material to finance	rial statements noted?		No	
FEDERAL AWARDS				
Internal control over major Federa	al programs:			
Material weakness identified	?		No	
Significant deficiency identifi	ed?	None reported		
Type of auditor's report issued on compliance for major Federal programs:		Unmodified		
Any audit findings disclosed that with Section 200.516(a) of the U	are required to be reported in accordance niform Guidance		No	
Identification of major Federal pro	ograms:			
CFDA Number(s)	Name of Federal Program or Cluster Title I, Basic Grants Low-Income			
84.010	and Neglected			
Dollar threshold used to distingui	sh between Type A and Type B programs:	\$	750,000	
Auditee qualified as low-risk auditee?			Yes	
STATE AWARDS				
Type of auditor's report issued or	n compliance for programs:	Un	modified	

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA for the year ended June 30, 2018

Rancho	Cucamonga,	California
		, 2018

MAGNOLIA SCIENCE ACADEMY 2

(A California Nonprofit Public Benefit Corporation)

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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 (MSA 2) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 2'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 MSA 2'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 2, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, 2018, on our
consideration of MSA 2's internal control over financial reporting and on our tests of its compliance with certain
provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is
solely to describe the scope of our testing of internal control over financial reporting and compliance and the results
of that testing, and not to provide an opinion on the effectiveness of MSA 2's internal control over financial reporting
or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing
Standards in considering MSA 2's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY 2

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

		2018		2017
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	1,094,844	\$	780,732
Accounts receivable		521,854		372,689
Intra-company receivable		62,177		143,253
Prepaid expenses and other current assets		87,263		21,802
Total Current Assets		1,766,138		1,318,476
Non-Current Assets:				
Fixed assets		410,237		384,728
Less: accumulated depreciation		(294,698)		(236,637)
Total Non-Current Assets		115,539		148,091
Total Assets	\$	1,881,677	\$	1,466,567
LIABILITIES				
Current Liabilities:				
Accounts payable and accruals	\$	729,383	\$	553,995
Intra-company payable	4	75,090	4	15,486
Total Liabilities		804,473		569,481
NET ASSETS				
Unrestricted		794,352		788,456
Designated		282,852		108,630
Total Net Assets		1,077,204		897,086
Total Liabilities and Net Assets	\$	1,881,677	\$	1,466,567

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

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

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2010	2017
	 2018	 2017
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
State apportionments	\$ 4,472,148	\$ 4,239,354
Federal revenue	489,784	464,894
Other State revenue	825,899	688,822
Local revenue	105,589	100,029
Total Revenues	 5,893,420	 5,493,099
EXPENSES		
Program services:		
Salaries and benefits	2,667,842	2,690,380
Student services	183,325	258,650
Materials and supplies	70,533	102,589
Student nutrition	222,727	304,100
Other expenses	 103,544	116,495
Subtotal	 3,247,971	 3,472,214
Management and general:		
Salaries and benefits	666,961	672,595
Depreciation	48,000	56,349
Management fee	993,132	953,736
Occupancy	356,041	137,682
Operating expenses	401,197	444,322
Interest	 -	67
Subtotal	 2,465,331	 2,264,751
Total Expenses	 5,713,302	 5,736,965
CHANGE IN NET ASSETS	180,118	 (243,866)
NET ASSETS, BEGINNING OF YEAR	897,086	1,140,952
NET ASSETS, END OF YEAR	\$ 1,077,204	\$ 897,086

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

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

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	\$ 180,118	\$ (243,866)
Adjustments to reconcile change in net assets to		
net cash provided (used) by operating activities:		
Depreciation expense	48,000	46,289
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(149,165)	60,902
Intra-company receivable	81,076	(16,840)
Prepaid expenses and other current assets	(65,461)	(10,943)
Increase (Decrease) in liabilities		
Accounts payable and accruals	175,388	308,547
Intra-company payable	 59,604	 (302,377)
Net Cash Provided (used) by		_
Operating Activities	 329,560	 (158,288)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	 (15,448)	 (10,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal payments	 	 (25,006)
NET CHANGE IN CASH CASH AND CASH EQUIVALENTS,	314,112	(193,659)
BEGINNING OF YEAR	 780,732	974,391
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,094,844	\$ 780,732
Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ 	\$ 67

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 2

Charter school number authorized by the State: 0906

Magnolia Science Academy 2 (MSA 2) is a charter school located in Van Nuys, California that provides sixth through twelfth grade education to approximately 448 students. MSA 2 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. Los Angeles County Office of Education approved a new charter agreement in 2018 for a period of five years ending in 2022. MSA 2 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

MSA 2 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 2's Charter School Management Organization (CMO) that manages MSA 2's nonacademic operation such as financial, general administration, and human resource management. MSA 2'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 - MSA 2 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 MSA 2. Additional information is presented in Note 14 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 2 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 2 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. MSA 2 had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA 2 is required to present a statement of cash flows.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA 2 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 2017-2018, MSA 2 did not receive any donor-restricted contributions.

Income Taxes

MSA 2 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 2014 and forward may be audited by regulatory agencies; however, MSA 2 is not aware of any such actions at this time.

MSA 2 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, MSA 2 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, 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. MSA 2 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$48,000 and \$56,349, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 2'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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 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 MSA 2.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 2 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 2 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, 2018 and 2017, MSA 2 has a \$282,852 and \$108,630, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness and College Readiness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA 2 and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30, 2018		June 30	0, 2017
	Reported	Bank	Reported	Bank
	Amount	Balance	Amount	Balance
Deposits				
Cash on hand and in banks	\$ 1,094,844	\$ 1,262,083	\$ 780,732	\$ 855,379

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA 2 maintains its cash in bank deposit accounts that at times may exceed insured limits. MSA 2 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 2 had \$1,241,766 and \$833,344, respectively, in excess of insured limits.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	 2018	-	2017
State principal apportionment	\$ 280,263	\$	269,667
Federal receivable	159,670		61,679
Due from other agencies	-		2,904
State receivable	37,137		1,784
Lottery	43,499		36,655
Other	 1,285		
Total Accounts Receivable	\$ 521,854	\$	372,689

NOTE 5 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 2 and reimbursement for those resources from MSA 2 to the Foundation, and cash transfers for cash flow purposes. MSA 2 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, 2018 and 2017, MSA 2 had an intra-company receivable balance of \$62,177 and \$143,253, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018, consisted of the following:

	 2018	 2017
Prepaid rent, security deposit, insurance, and miscellaneous vendors	\$ 87,263	\$ 21,802

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Computers and equipment	\$ 379,284	\$ 394,789
Leasehold improvements	10,061	-
Work in progress	20,892	 -
Subtotal	410,237	394,789
Less: accumulated depreciation	(294,698)	(246,698)
Total Fixed Assets	\$ 115,539	\$ 148,091

During the year ended June 30, 2018 and 2017, \$48,000 and \$56,349, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Salaries and benefits	\$ 139,121	\$ 101,673
Vendor payables	260,848	444,523
Due to other agencies	 329,414	7,799
	\$ 729,383	\$ 553,995

NOTE 9 - INTRA-COMPANY PAYABLE

The June 30, 2018, intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 2 and reimbursement for those resources from MSA 2 to the Foundation, and cash transfers for cash flow purposes. MSA 2 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, 2018 and 2017, MSA 2 had an intra-company payable balance of \$75,090 and \$15,486, respectively, from the Foundation.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FACILITIES USE AGREEMENT

Magnolia Science Academy 2 renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating MSA 2 education programs and related Charter School's activities. The terms of this agreement are renewed annually and include rental fees shall that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018 and 2017, was \$149,352 and \$130,000, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 2 is part of the Foundation. MSA 2 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, 2018 and 2017, were \$993,132 and \$953,736, respectively.

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 MSA 2 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 2 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

MSA 2 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2017, 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.

MSA 2 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, 2018, are summarized as follows:

	STRP Defined Benefit Program		
Hire date	On or before	On or after	
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are presented above and MSA 2's total contributions were \$266,980.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA 2 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, 2018, are presented above and the total Charter School contributions were \$59,003.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$146,492 (9.328 percent of salaries 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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - CONTINGENCIES

Grants

MSA 2 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the Office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA 2 is not currently a party to any legal proceedings.

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 2 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 MSA 2 and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA 2 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 MSA 2 are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA 2 made payments of \$39,165 and \$146,363, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 2 had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 15 - SUBSEQUENT EVENTS

MSA 2's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

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

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy 2 (Charter Number 0906) was granted on July 1, 2002, by the Los Angeles Unified School District. MSA 2 operates one school, grades six through twelve.

BOARD OF DIRECTORS

MEMBER	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

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

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Annua	
	Report	Report
Regular ADA		
Sixth	94.52	93.77
Seventh and eighth	168.00	166.40
Ninth through twelfth	178.36	176.75
Total Regular ADA	440.88	436.92
Classroom based ADA		
Sixth	94.52	93.77
Seventh and eighth	168.00	166.40
Ninth through twelfth	177.28	175.78
Total Classroom based ADA	439.80	435.95

MSA 2 did operate an independent study non-classroom based instruction program.

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

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days			
	Minutes	Actual	Traditional	Multitrack		
Grade Level	Requirement	Minutes	Calendar	Calendar	Status	
Grades 6 - 8	54,000					
Grade 6		64,825	180	N/A	Complied	
Grade 7		64,825	180	N/A	Complied	
Grade 8		64,825	180	N/A	Complied	
Grades 9 - 12	64,800					
Grade 9		64,825	180	N/A	Complied	
Grade 10		64,825	180	N/A	Complied	
Grade 11		64,825	180	N/A	Complied	
Grade 12		64,825	180	N/A	Complied	

MAGNOLIA SCIENCE ACADEMY 2

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET	ASSETS
1111	1100010

Balance, June 30, 2018, Unaudited Actuals \$ 1,255,567

Increase in:

Accounts payable and accruals (178,363)

Balance, June 30, 2018,

Audited Financial Statements \$ 1,077,204

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

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 2. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 2 and whether MSA 2 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 2'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 MSA 2's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 2'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 MSA 2'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

As part of obtaining reasonable assurance about whether MSA 2'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 MSA 2 in a separate letter dated ________, 2018.

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 MSA 2's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 2's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho	Cucamonga,	California
		, 2018

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 (MSA 2) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 2's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 2'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 2017-2018 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 MSA 2'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 MSA 2's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 2 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 2's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND	
CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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
	*

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 2 did not receive funding related to the California Clean Energy Jobs Act; therefore, we did not perform any related procedures.

MSA 2 does not operate a Before or After School Program within the After/Before School Education and Safety Program; therefore, we did not perform and related procedures.

MSA 2 does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Finding for Non Classroom-Based Instruction.

MSA 2 did not receive funding for Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, Californ	nia
, 2	2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

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

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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, 2018, 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.

We are pleased to report there are no matters to note for MSA 2 for the year ended June 30, 2018.

Rancho Cucamonga, California	
, 2018	

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

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JUNE 30, 2018

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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 (MSA 3) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 3'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 MSA 3'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 3, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, 2018, on our
consideration of MSA 3's internal control over financial reporting and on our tests of its compliance with certain
provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is
solely to describe the scope of our testing of internal control over financial reporting and compliance and the results
of that testing, and not to provide an opinion on the effectiveness of MSA 3's internal control over financial reporting
or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing
Standards in considering MSA 3's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY 3

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

Current Assets: Cash and cash equivalents \$740,137 \$178,629 Accounts receivable 440,748 317,618 Intra-company receivable 6,604 91,362 Prepaid expenses and other current assets 1,743 320,505 Total Current Assets 1,189,232 908,114 Non-Current Assets 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$1,275,261 975,996 LIABILITIES			2018		2017
Cash and cash equivalents \$ 740,137 \$ 178,629 Accounts receivable 440,748 317,618 Intra-company receivable 6,604 91,362 Prepaid expenses and other current assets 1,743 320,505 Total Current Assets 1,189,232 908,114 Non-Current Assets 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: \$ 208,639 \$ 230,779 Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	ASSETS				
Accounts receivable 440,748 317,618 Intra-company receivable 6,604 91,362 Prepaid expenses and other current assets 1,743 320,505 Total Current Assets 1,189,232 908,114 Non-Current Assets Fixed assets 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: Secounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Current Assets:				
Intra-company receivable 6,604 91,362 Prepaid expenses and other current assets 1,743 320,505 Total Current Assets 1,189,232 908,114 Non-Current Assets: 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: 3 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Cash and cash equivalents	\$	740,137	\$	178,629
Prepaid expenses and other current assets 1,743 320,505 Total Current Assets 1,189,232 908,114 Non-Current Assets:	Accounts receivable		440,748		317,618
Non-Current Assets 1,189,232 908,114 Non-Current Assets: 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted Designated 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Intra-company receivable		6,604		91,362
Non-Current Assets: Fixed assets 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: 3 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Prepaid expenses and other current assets		1,743		320,505
Fixed assets 267,427 226,873 Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: Survey Counts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Total Current Assets		1,189,232		908,114
Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Non-Current Assets:				
Less: accumulated depreciation (181,398) (158,991) Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Fixed assets		267,427		226,873
Total Non-Current Assets 86,029 67,882 Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities:	Less: accumulated depreciation				
Total Assets \$ 1,275,261 \$ 975,996 LIABILITIES Current Liabilities: \$ 208,639 \$ 230,779 Accounts payable and accruals \$ 2,905 113,256 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Total Non-Current Assets	-	86,029		
Current Liabilities: Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	Total Assets	\$	1,275,261	\$	975,996
Current Liabilities: Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	LIABILITIES				
Accounts payable and accruals \$ 208,639 \$ 230,779 Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961					
Intra-company payable 2,905 113,256 Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961		\$	208,639	\$	230,779
Total Current Liabilities 211,544 344,035 NET ASSETS Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	- ·		*	·	
Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961			211,544		
Unrestricted 788,750 518,637 Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	NET ASSETS				
Designated 274,967 113,324 Total Net Assets 1,063,717 631,961	1,21120210		788 750		518 637
Total Net Assets 1,063,717 631,961					
Total Liabilities and Net Assets \$ 1,275,261 \$ 975,996	<u> </u>				
	Total Liabilities and Net Assets	\$	1,275,261	\$	975,996

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

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017	
CHANGES IN UNRESTRICTED NET ASSETS					
Unrestricted revenues:					
State apportionments	\$	4,459,164	\$	4,255,160	
Federal revenue		444,672		477,370	
Other State revenue		925,197		813,720	
Local revenue		84,847		66,643	
Total Revenues		5,913,880		5,612,893	
EXPENSES					
Program services:					
Salaries and benefits	\$	2,575,050	\$	2,826,246	
Student services		220,659		237,598	
Student nutrition		189,326		264,096	
Other expenses		74,152		114,460	
Subtotal	_	3,059,187		3,442,400	
Management and general:					
Salaries and benefits		643,762		706,562	
Depreciation		22,407		19,096	
Management fee		993,132		954,479	
Occupancy		261,243		278,867	
Operating expenses		502,393		554,952	
Subtotal		2,422,937		2,513,956	
Total Expenses	_	5,482,124		5,956,356	
CHANGE IN UNRESTRICTED NET ASSETS		431,756		(343,463)	
NET ASSETS, BEGINNING OF YEAR		631,961	-	975,424	
NET ASSETS, END OF YEAR	\$	1,063,717	\$	631,961	

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

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in unrestricted net assets	\$	431,756	\$ (343,463)
Adjustments to reconcile change in net assets to			
net cash provided (used) by operating activities:			
Depreciation expense		22,407	19,096
Changes in operating assets and liabilities:			
(Increase) Decrease in assets			
Accounts receivable		(123,130)	216,684
Intra-company receivable		88,457	256,822
Prepaid expenses and other current assets		340,656	(309,538)
Increase (Decrease) in liabilities			
Accounts payable and accruals		(47,733)	(13,175)
Deferred revenue	-	(110,351)	(6,295)
Net Cash Provided (Used) by Operating			
Activities		602,062	(179,869)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(40,554)	 (5,434)
NET CHANGE IN CASH CASH AND CASH EQUIVALENTS,		561,508	(185,303)
BEGINNING OF YEAR		178,629	363,932
CASH AND CASH EQUIVALENTS,			
END OF YEAR	\$	740,137	\$ 178,629
Supplemental cash flow disclosure:			
Cash paid during the period for interest	\$	-	\$ -
· · · · · · · · · · · · · · · · · · ·			

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

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 3

Charter school number authorized by the State: 0917

Magnolia Science Academy 3 (MSA 3) is a charter school located in Carson, California that provides sixth through twelfth grade education to approximately 455 students. MSA 3 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. Los Angeles County Office of Education approved a new charter agreement in 2016 for a period of five years ending in 2022. MSA 3 is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA 3 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 3's Charter School Management Organization (CMO) that manages MSA 3's nonacademic operation such as financial, general administration, and human resource management. MSA 3'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 - MSA 3 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 MSA 3. Additional information is presented in Note 14 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 3 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 3 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. MSA 3 had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA 3 is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA 3 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 2017-2018, MSA 3 did not receive any donor-restricted contributions.

Income Taxes

MSA 3 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 2014 and forward may be audited by regulatory agencies; however, MSA 3 is not aware of any such actions at this time.

MSA 3 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, MSA 3 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, 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. MSA 3 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$22,407 and \$19,096, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 3'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.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA 3.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 3 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 3 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, 2018 and 2017, MSA 3 has \$274,967 and \$113,324, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness, and College Readiness funds.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30, 2018				June 30), 201	7			
	Reported Amount		Reported		Reported Bank		Reported		Bank	
			Balance		Amount		Balance			
Deposits										
Cash on hand and in banks	\$	740,137	\$	855,539	\$	178,629	\$	314,392		

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA 3 maintains its cash in bank deposit accounts that at times may exceed insured limits. MSA 3 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 3 had \$841,766 and \$306,293, respectively, in excess of insured limits.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	2018		 2017
State principal apportionment	\$	202,714	\$ 196,092
Due from other agencies		-	2,777
Federal receivable		145,084	68,793
State receivable		46,855	11,779
Lottery		45,141	37,723
Local receivable		-	454
Other		954	 _
Total Accounts Receivable	\$	440,748	\$ 317,618

NOTE 5 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 3 and reimbursement for those resources from MSA 3 to the Foundation, and cash transfers for cash flow purposes. MSA 3 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, 2018 and 2017, MSA 3 had an intercompany receivable balance of \$6,604 and \$91,362, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	2	2018	2017
Prepaid rent, security deposit, insurance, and miscellaneous vendors	\$	1,743	\$ 320,505

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Computer and equipment	\$ 250,814	\$ 226,873
Work in progress	 16,613	 _
Subtotal	267,427	226,873
Less: accumulated depreciation	 (181,398)	(158,991)
Total Fixed Assets	\$ 86,029	\$ 67,882

During the year ended June 30, 2018 and 2017, \$22,407 and \$19,096, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	 2018	2017
Salaries and benefits	\$ 64,352	\$ 72,003
Vendor payables	77,326	154,433
Due to other agencies	66,961	 4,343
Total Accounts Payable	\$ 208,639	\$ 230,779

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 9 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 3 and reimbursement for those resources from MSA 3 to the Foundation, and cash transfers for cash flow purposes. MSA 3 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, 2018 and 2017, MSA 3 had an intra-company payable balance of \$2,905 and \$113,256, respectively, from the Foundation.

NOTE 10 - FACILITIES USE AGREEMENT

Magnolia Science Academy 3 renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating MSA 3 education programs and related Charter School's activities. The terms of this agreement are renewed annually and include rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018 and 2017, was \$256,444 and \$222,266, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 3 is part of the Foundation. MSA 3 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, 2018 and 2017, was \$993,132 and \$954,479, respectively.

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 MSA 3 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 3 has no plans to withdraw from this multi-employer plan.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

MSA 3 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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.

MSA 3 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program				
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	10.25%	9.205%			
Required employer contribution rate	14.43%	14.43%			
Required state contribution rate	9.328%	9.328%			

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, 2018, are presented above and MSA 3's total contributions were \$223,107.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are summarized as follows:

	School Employer Pool (CalPERS)			
Hire date	December 31,	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	7.00%	6.50%		
Required employer contribution rate	15.531%	15.531%		

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. MSA 3 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, 2018, are presented above and the total Charter School contributions were \$86,521.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$139,481 (9.328 percent of salaries 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.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - CONTINGENCIES

Grants

MSA 3 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA 3 is not currently a party to any legal proceedings.

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 3 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 MSA 3 and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA 3 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 MSA 3 are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA 3 made payments of \$52,03943,143 and \$22,812, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 3 had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 15 - SUBSEQUENT EVENTS

MSA 3's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy 3 (Charter Number 0917) was granted on December 20, 2016, for a period of five years expiring June 30, 2022, by the Los Angeles County of Education. MSA 3 operates one school, grades six through twelve.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

A;fredp Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Re	Final Report			
	Second Period	Annual			
	Report	Report			
Regular ADA					
Sixth	85.04	85.02			
Seventh and eighth	170.72	170.42			
Ninth through twelfth	185.74	186.84			
Total Regular ADA	441.50	442.28			
Classroom based ADA					
Sixth	85.04	85.02			
Seventh and eighth	170.72	170.42			
Ninth through twelfth	185.74	186.84			
Total Classroom based ADA	441.50	442.28			

MSA 3 did not operate a non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number	Number of Days	
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		67,024	180	N/A	Complied
Grade 7		67,024	180	N/A	Complied
Grade 8		67,024	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		67,024	180	N/A	Complied
Grade 10		67,024	180	N/A	Complied
Grade 11		67,024	180	N/A	Complied
Grade 12		67,024	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY 3

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET ASSETS

Net Assets, June 30, 2018, Unaudited Actuals	\$ 1,071,973
Increase (Decrease) in:	
Accounts receivable	(3,698)
Intra-company receivable	6,604
(Increase) Decrease in:	
Accounts payable and accruals	(7,989)
Intra-company receivable	 (2,905)
Net Assets, June 30, 2018,	
Audited Financial Statement	\$ 1,063,985

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 3. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 3 and whether MSA 3 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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) 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 (MSA 3) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated , 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 3'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 MSA 3's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 3'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 MSA 3'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

As part of obtaining reasonable assurance about whether MSA 3'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 MSA 3 in a separate letter dated _______, 2018.

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 MSA 3's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 3's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga,	California
-	, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Magnolia Science Academy's (MSA 3) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 3's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 3'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 2017-2018 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 MSA 3'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 MSA 3's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 3 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 3's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 3 does not operate a before school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA 3 does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

MSA 3 does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA 3 did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, Californ	ia
, 2	018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 3 (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA 3), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA 3 for the year ended June 30, 2018.

Rancho Cucamonga,	California
, 2018	

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

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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 (MSA 4) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 4'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 MSA 4'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 4, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA 4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 4's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	 2018	 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,336,770	\$ 776,350
Accounts receivable	156,659	175,940
Intra-company receivable	936	253,943
Prepaid expenses and other current assets	377	8,944
Total Current Assets	1,494,742	1,215,177
Non-Current Assets:		
Fixed assets	178,296	169,911
Less: accumulated depreciation	(131,837)	(116,181)
Total Non-Current Assets	 46,459	53,730
Total Assets	\$ 1,541,201	\$ 1,268,907
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	\$ 70,621	\$ 210,556
Intra-company payable	66	28,192
Total Current Liabilities	70,687	238,748
NET ASSETS		
Unrestricted	1,205,407	906,855
Designated	265,107	123,304
Total Net Assets	 1,470,514	1,030,159
Total Liabilities and Net Assets	\$ 1,541,201	\$ 1,268,907

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

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018		 2017	
CHANGES IN UNRESTRICTED NET ASSETS				
Unrestricted revenues:				
State apportionments	\$	1,713,551	\$ 1,828,007	
Federal revenue		243,319	216,088	
Other State revenue		444,462	331,828	
Local revenue		45,510	51,712	
Total Revenues		2,446,842	2,427,635	
EXPENSES				
Program services:				
Salaries and benefits		1,005,461	1,053,767	
Student services		173,790	218,254	
Materials and supplies		29,527	17,584	
Student nutrition		64,698	51,818	
Other expenses		38,253	 40,550	
Subtotal		1,311,729	1,381,973	
Management and general:				
Salaries and benefits	\$	247,132	\$ 263,442	
Depreciation		15,656	15,656	
Management fee		82,190	90,995	
Occupancy		134,184	104,583	
Operating expenses		215,596	203,317	
Subtotal		694,758	677,993	
Total Expenses		2,006,487	 2,059,966	
CHANGE IN UNRESTRICTED NET ASSETS		440,355	367,669	
NET ASSETS, BEGINNING OF YEAR		1,030,159	 662,490	
NET ASSETS, END OF YEAR	\$	1,470,514	\$ 1,030,159	

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

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 440,355	\$ 367,669
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation expense	15,656	15,655
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	19,281	22,778
Intra-company receivable	251,609	(50,615)
Prepaid expenses and other current assets	8,567	(3,320)
Increase (Decrease) in liabilities		
Accounts payable and accruals	(138,537)	68,634
Intra-company payable	 (28,126)	(133,713)
Net Cash Provided by Operating Activities	568,805	 287,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	 (8,385)	 (5,241)
NET CHANGE IN CASH	560 420	201 047
	560,420	281,847
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 776,350	 494,503
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,336,770	\$ 776,350
Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ 	\$

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

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 4

Charter school number authorized by the State: 0986

Magnolia Science Academy 4 (MSA 4) is a charter school located in Los Angeles, California that provides sixth through twelfth grade education to approximately 185 students. MSA 4 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. MSA 4 was granted a five year extension through June 30, 2025. MSA 4 is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA 4 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 4's Charter School Management Organization (CMO) that manages MSA 4's nonacademic operation such as financial, general administration, and human resource management. MSA 4'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 - MSA 4 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 MSA 4. Additional information is presented in Note 14 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 4 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 4 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. MSA 4 had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA 4 is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA 4 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 2017-2018, MSA 4 did not receive any donor-restricted contributions.

Income Taxes

MSA 4 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 2014 and forward may be audited by regulatory agencies; however, MSA 4 is not aware of any such actions at this time.

MSA 4 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, MSA 4 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, management 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. MSA 4 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$15,656 and \$15,656, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 4'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.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Net Asset Classes

Magnolia Science Academy 4 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 4 consist of the following:

Unrestricted - All resources over which the governing board has discretionary control to use in carrying on the general operations of MSA 4.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 4 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 4 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, 2018 and 2017, MSA 4 has a \$265,107 and \$123,304, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness, and College Readiness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA 4 and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30, 2018		June 30, 2017		
	Reported	ed Bank Reported		Bank	
	Amount	Balance	Amount	Balance	
Deposits					
Cash on hand and in banks	\$ 1,336,770	\$ 1,414,246	\$ 776,350	\$ 801,382	

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA 4 maintains its cash in bank deposit accounts that at times may exceed insured limits. MSA 4 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 4 had \$1,391,479 and \$780,738, respectively, in excess of insured limits.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
State principal apportionment	\$ 70,394	\$ 124,430
Due from other agencies	-	1,124
Federal receivable	49,072	32,350
State receivable	22,095	351
Lottery	14,885	17,685
Other	 213	
Total Accounts Receivable	\$ 156,659	\$ 175,940

NOTE 5 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 4 and reimbursement for those resources from MSA 4 to the Foundation, and cash transfers for cash flow purposes. MSA 4 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, 2018 and 2017, MSA 4 had an intra-company receivable balance of \$936 and \$253,943, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	2	018	2017
Prepaid rent, security deposit, insurance, and miscellaneous vendors	\$	377	\$ 8,944

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Computer and equipment	\$ 164,670	\$ 169,911
Work in progress	13,626	
Subtotal	178,296	169,911
Less: accumulated depreciation	 (131,837)	 (116,181)
Total Fixed Assets	\$ 46,459	\$ 53,730

During the year ended June 30, 2018 and 2017, \$15,656 and \$15,656, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Salaries and benefits	\$ 35,401	\$ 23,904
Vendor payables	35,192	183,640
Due to other agencies	28	 3,012
Total Accounts Payable	\$ 70,621	\$ 210,556

NOTE 9 - INTRA-COMPANY PAYABLE

The June 30, 2018, intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 4 and reimbursement for those resources from MSA 4 to the Foundation, and cash transfers for cash flow purposes. MSA 4 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, 2018 and 2017, MSA 4 had an intra-company payable balance of \$66 and \$28,192, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FACILITIES USE AGREEMENT

Magnolia Science Academy 4 renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating MSA 4 education programs and related charter school activities. The terms of this agreement are renewed annually and include rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018 and 2017, was \$134,184 and \$145,840, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 4 is part of the Foundation. MSA 4 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, 2018 and 2017, was \$82,190 and \$90,995, respectively.

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 MSA 4 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 4 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

MSA 4 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2017, 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.

MSA 4 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, 2018, are summarized as follows:

_	STRP Defined Benefit Program		
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are presented above and MSA 4's total contributions were \$90,278.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	December 31,	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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA 4 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, 2018, are presented above and the total Charter School contributions were \$11,951.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$63,150 (9.328 percent of salaries 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 13 - CONTINGENCIES

Grants

MSA 4 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". 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 4 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Litigation

MSA 4 is not currently a party to any legal proceedings.

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 4 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 MSA 4 and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA 4 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 MSA 4 are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA 4 made payments of \$21,542 and \$11,054, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 4 had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 15 - SUBSEQUENT EVENTS

MSA 4's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy 4 (Charter Number 0986) was granted on May 8, 2008, by the Los Angeles Unified School District. MSA 4 operates one school, grades six through twelve.

BOARD OF DIRECTORS

MEMBER	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Glediyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Report		
	Second Period	Annual	
	Report	Report	
Regular ADA			
Sixth	3.77	3.89	
Seventh and eighth	41.70	42.70	
Ninth through twelfth	122.40	123.06	
Total Regular ADA	167.87	169.65	
Classroom based ADA			
Sixth	3.77	3.89	
Seventh and eighth	41.70	42.70	
Ninth through twelfth	122.40	123.06	
Total Classroom based ADA	167.87	169.65	

MSA 4 did not operate a non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		65,447	180	N/A	Complied
Grade 7		65,447	180	N/A	Complied
Grade 8		65,447	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,447	180	N/A	Complied
Grade 10		65,447	180	N/A	Complied
Grade 11		65,447	180	N/A	Complied
Grade 12		65,447	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY 4

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

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Net Assets, June 30, 2018, Unaudited Actuals	\$ 1,493,108
Increase (Decrease) in:	
Intra-company receivable	1,764
(Increase) Decrease in:	
Intra-company payable	(66)
Accounts payable and accruals	 (24,292)
Net Assets, June 30, 2018,	
Audited Financial Statement	\$ 1,470,514

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 4. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 4 and whether MSA 4 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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 (MSA 4) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated , 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 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 MSA 4's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 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 MSA 4'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

As part of obtaining reasonable assurance about whether MSA 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 MSA 4 in a separate letter dated _______, 2018.

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 MSA 4's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 4's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho	Cucamonga,	California
		, 2018

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 (MSA 4) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 4's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 4'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 2017-2018 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 MSA 4'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 MSA 4's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 4 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, 2018,

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 4's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	•
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	105
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
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CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 4 does not operate a before or after school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA 4 does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

MSA 4 does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA 4 did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, Californi	ia
	018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 4 (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA 4), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to report for MSA 4 for the year ended June 30, 2018.

Rancho Cucamonga,	California
, 2018	

MAGNOLIA SCIENCE ACADEMY 5

(A California Nonprofit Public Benefit Corporation)

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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 (MSA 5) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 5'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 MSA 5'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 5, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA 5's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 5's internal control over financial reporting and compliance.

Rancho Cucam	onga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY 5

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	 2018		2017
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,731,955	\$	1,000,807
Accounts receivable	157,623		226,139
Intra-company receivable	62,618		152,180
Prepaid expenses and other current assets	11,698		121,849
Total Current Assets	1,963,894		1,500,975
Non-Current Assets:			
Fixed assets	205,518		134,541
Less: accumulated depreciation	(123,576)		(112,184)
Total Non-Current Assets	81,942		22,357
Total Assets	\$ 2,045,836	\$	1,523,332
LIABILITIES			
Current Liabilities:			
Accounts payable and accruals	\$ 102,310	\$	113,039
Intra-company payable	8,168		34,736
Total Current Liabilities	110,478		147,775
NET ASSETS			
Unrestricted	1,684,228		1,304,697
Designated	251,130		70,860
Total Net Assets	 1,935,358	-	1,375,557
Total Liabilities and Net Assets	\$ 2,045,836	\$	1,523,332

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

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017
CHANGES IN UNRESTRICTED NET ASSETS				
Unrestricted revenues:				
State apportionments	\$	1,927,351	\$	1,652,001
Federal revenue	φ	218,909	φ	213,304
Other State revenue		481,588		231,392
Local revenue		124,580		175,803
Total Revenues		2,752,428		2,272,500
Total Revenues		2,732,428		2,272,300
EXPENSES				
Program services:				
Salaries and benefits		1,167,651		959,417
Student services		167,097		137,126
Materials and supplies		33,358		12,627
Student nutrition		85,556		67,687
Other expenses		56,762		95,173
Subtotal		1,510,424		1,272,030
Management and general:				
Salaries and benefits	\$	291,913	\$	239,854
Depreciation		11,392		7,177
Management fee		82,190		90,202
Occupancy		119,251		91,457
Operating expenses		177,457		273,738
Subtotal		682,203		702,428
Total Expenses		2,192,627		1,974,458
CHANGE IN UNRESTRICTED NET ASSETS		559,801		298,042
NET ASSETS, BEGINNING OF YEAR	-	1,375,557		1,077,515
NET ASSETS, END OF YEAR	\$	1,935,358	\$	1,375,557

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

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 559,801	\$ 298,042
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation expense	11,392	7,176
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	68,516	51,299
Intra-company receivable	89,562	53,970
Prepaid expenses and other current assets	110,151	(120,617)
Increase (Decrease) in liabilities		
Accounts payable and accruals	(10,729)	(14,977)
Intra-company payable	 (26,568)	20,353
Net Cash Provided by		
Operating Activities	 802,125	295,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(70,977)	(22,623)
NET CHANGE IN CASH	731,148	272,623
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,000,807	728,184
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,731,955	\$ 1,000,807
Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ _	\$ _
L	 	

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

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 5

Charter school number authorized by the State: 0987

Magnolia Science Academy 5 (MSA 5), formerly located in Hollywood, now located in Reseda, California provides sixth through ninth grade education to approximately 206 students. MSA 5 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. During 2018, MSA 5 was approved for a five year period ending June 30, 2023 under Los Angeles County Office of Education. MSA 5 is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA 5 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 5's Charter School Management Organization (CMO) that manages MSA 5's nonacademic operation such as financial, general administration, and human resource management. MSA 5'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 - MSA 5 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 MSA 5. Additional information is presented in Note 13 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 5 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 5 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. MSA 5 had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA 5 is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA 5 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 2017-2018, MSA 5 did not receive any donor-restricted contributions.

Income Taxes

MSA 5 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 2014 and forward may be audited by regulatory agencies; however, MSA 5 is not aware of any such actions at this time.

MSA 5 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, MSA 5 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, management 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. MSA 5 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$11,392 and \$7,177.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 5'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.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA 5.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 5 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 5 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, 2018 and 2017, MSA 5 has a \$251,130 and \$70,860, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness, and College Readiness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA 5 and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 3	0, 2018	June 30, 2017			
	Reported Bank		Reported Ban		Reported	Bank
	Amount	Balance	Amount	Balance		
Deposits						
Cash on hand and in bank	\$ 1,731,955	\$ 1,827,198	\$ 1,000,807	\$ 1,030,293		

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA 5 maintains its cash in bank deposit accounts that at times may exceed federally insured limits. MSA 5 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 5 had a balance of \$1,797,783 and \$1,003,752, respectively, in excess of FDIC insured limits. Management believes MSA 5 is not exposed to any significant risk related to cash.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	 2018	2017
State principal apportionment	\$ 80,927	\$ 110,951
Due from other agencies	-	906
Federal receivable	33,944	74,915
State receivable	21,005	20,480
Lottery	 21,747	 18,887
Total Accounts Receivable	\$ 157,623	\$ 226,139

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 MSA 5 and reimbursement for those resources from MSA 5 to the Foundation, and cash transfers for cash flow purposes. MSA 5 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, 2018 and 2017, MSA 5 had an intra-company receivable balance of \$62,618 and \$152,180, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	2018	2017	
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 11,698	\$	121,849

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Computer and equipment	\$ 191,682	\$ 134,541
Work in progress	13,836	
Subtotal	205,518	134,541
Less: accumulated depreciation	(123,576)	 (112,184)
Total Fixed Assets	\$ 81,942	\$ 22,357

During the year ended June 30, 2018 and 2017, \$11,392 and \$7,177, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Salaries and benefits	\$ 40,053	\$ 45,410
Vendor payables	58,713	41,793
Due to other agencies	3,544	25,836
Total Accounts Payable	\$ 102,310	\$ 113,039

NOTE 9 - INTRA-COMPANY PAYABLE

The June 30, 2016, intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 5 and reimbursement for those resources from MSA 5 to the Foundation, and cash transfers for cash flow purposes. MSA 5 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, 2018 and 2017, MSA 5 had an intra-company payable balance of \$8,168 and \$34,736, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FACILITIES USE AGREEMENT

Magnolia Science Academy 5 renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating MSA 5 education programs and related charter school activities. The terms of this agreement are renewed annually and include rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018 and 2017, was \$119,195 and \$83,452, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 5 is part of the Foundation. MSA 5 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, 2018 and 2017, were \$82,190 and \$90,202, respectively.

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 MSA 5 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 5 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

MSA 5 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2017, 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.

MSA 5 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, 2018, are summarized as follows:

	STRP Defined Benefit Program		
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are presented above and MSA 5's total contributions were \$127,705.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA 5 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, 2018, are presented above and the total Charter School contributions were \$18,940.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$55,921 (9.328 percent of salaries 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 13 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 5 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 MSA 5 and the CharterSAFE is such that the CharterSAFE is not considered a component unit of MSA 5 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 MSA 5 are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

During the year ended June 30, 2018 and 2017, MSA 5 made payments of \$20,163 and \$14,538, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 5 had no recorded accounts receivable or accounts payable to the CharterSAFE.

NOTE 14 - CONTINGENCIES

Grants

MSA 5 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA 5 is not currently a party to any legal proceedings.

NOTE 15 - SUBSEQUENT EVENTS

MSA 5's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through ______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy (Charter Number 0987) was granted on January 23, 2018, by the Los Angeles County Office of Education for a five year period ending June 30, 2023. MSA 5 has been approved for grades six through eight and operated one school, grades six through nine.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
		•
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Report		
	Second Period A		
Regular ADA	Report	Report	
Sixth	59.05	59.02	
Seventh and eighth	99.46	98.90	
Ninth	39.15	39.13	
Total Regular ADA	197.66	197.05	
Classroom based ADA			
Sixth	59.05	59.02	
Seventh and eighth	99.46	98.90	
Ninth	39.15	39.13	
Total Classroom based ADA	197.66	197.05	

MSA 5 did not operate a non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		65,554	180	N/A	Complied
Grade 7		65,554	180	N/A	Complied
Grade 8		65,554	180	N/A	Complied
Grade 9	64,800	65,554	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY 5

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET		יחר		Γ C
	Δ,	•	н і	•

TET TIBBETS		
Balance, June 30, 2018, Unaudited Actuals		1,935,072
Increase (Decrease) in:		
Intra-company receivable		(54,450)
Prepaid expenses and other current assets		62,618
(Increase) in:		
Accounts payable and accruals		286
Intra-company payable		(8,168)
Balance, June 30, 2018,	·	
Audited Financial Statement	\$	1,935,358

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 5. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 5 and whether MSA 5 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 5'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 MSA 5's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 5'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 MSA 5'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

As part of obtaining reasonable assurance about whether MSA 5'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 MSA 5 in a separate letter dated _______, 2018.

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 MSA 5's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 5's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho	Cucamonga,	California
		, 2018

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 (MSA 5) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 5's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 5'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 2017-2018 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 MSA 5'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 MSA 5's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 5 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 5's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 5 does not operate a before school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA 5 does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

MSA 5 does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA 5 did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga,	California
	, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 5 (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA 5), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA 5 for the year ended June 30, 2018.

Rancho Cucamonga,	California
, 2018	

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

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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 (MSA 6) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 6'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 MSA 6'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 6, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA 6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA 6's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 6's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	 2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,442,531	\$ 754,059
Accounts receivable	162,484	168,102
Intra-company receivable	2,500	450,000
Prepaid expenses and other current assets	 14,884	17,566
Total Current Assets	 1,622,399	 1,389,727
Non-Current Assets:		
Fixed assets	158,971	153,988
Less: accumulated depreciation	(130,981)	(102,255)
Total Non-Current Assets	27,990	 51,733
Total Assets	\$ 1,650,389	\$ 1,441,460
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 46,433	\$ 156,147
Intra-company payable	58	26,392
Total Current Liabilities	 46,491	182,539
NET ASSETS		
Unrestricted	1,491,714	1,204,609
Designated	112,184	54,312
Total Net Assets	 1,603,898	1,258,921
Total Liabilities and Net Assets	\$ 1,650,389	\$ 1,441,460

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

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	2017
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
State apportionments	\$ 1,449,785	\$ 1,552,530
Federal revenue	143,028	148,639
Other State revenue	374,247	303,769
Local revenue	52,349	28,043
Total Revenues	2,019,409	2,032,981
EXPENSES		
Program services:		
Salaries and benefits	\$ 887,176	\$ 893,030
Student services	80,009	76,545
Materials and supplies	18,712	57,669
Student nutrition	44,443	48,940
Other expenses	34,220	 40,095
Subtotal	1,064,560	1,116,279
Management and general:		
Salaries and benefits	221,794	223,258
Depreciation	28,726	19,778
Management fee	82,190	89,797
Occupancy	125,889	113,421
Operating expenses	151,273	168,792
Subtotal	609,872	615,046
Total Expenses	 1,674,432	 1,731,325
CHANGE IN UNRESTRICTED NET ASSETS	344,977	301,656
NET ASSETS, BEGINNING OF YEAR	1,258,921	957,265
NET ASSETS, END OF YEAR	\$ 1,603,898	\$ 1,258,921

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

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018		 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in unrestricted net assets Adjustments to reconcile change in net assets to net cash provided by operating activities:	\$	344,977	\$ 301,656
Depreciation expense		28,726	19,778
Changes in operating assets and liabilities:			
(Increase) Decrease in assets			
Accounts receivable		5,618	129,308
Intra-company receivable		447,500	(150,000)
Prepaid expenses and other current assets		2,682	(13,731)
Increase (Decrease) in liabilities			
Accounts payable and accruals		(109,714)	19,923
Intra-company payable		(26,334)	 (83,618)
Net Cash Provided by Operating Activities		693,455	 223,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(4,983)	 (5,111)
NET CHANGE IN CASH		688,472	218,205
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		754,059	 535,854
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	1,442,531	\$ 754,059
Supplemental cash flow disclosure:			
Cash paid during the period for interest	\$		\$

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

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 6

Charter school number authorized by the State: 0988

Magnolia Science Academy-6 (MSA 6) is a charter school located in Los Angeles, California that provides sixth through eighth grade education to approximately 155 students. The School was created under the approval of the Los Angeles Unified School District (ending June 30, 2019) 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

MSA 6 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 6's Charter School Management Organization (CMO) that manages MSA 6's nonacademic operation such as financial, general administration, and human resource management. MSA 6'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 - MSA 6 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 MSA 6. Additional information is presented in Note 14 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 6 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 6 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. MSA 6 had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA 6 is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA 6 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 2017-2018, MSA 6 did not receive any donor-restricted contributions.

Income Taxes

MSA 6 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 2014 and forward may be audited by regulatory agencies; however, MSA 6 is not aware of any such actions at this time.

MSA 6 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, MSA 6 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, management 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. MSA 6 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$28,726 and \$19,778, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 6'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.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA 6.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 6 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 6 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, 2018 and 2017, MSA 6 has \$112,184 and \$54,312, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness, National School Lunch Program, and College Readiness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA 6 and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (see Note 10).

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 3	30, 2018 June 30, 1		, 2017	
	Reported	Bank	Reported	Bank	
	Amount	Balance	Amount	Balance	
Deposits					
Cash on hand and in bank	\$ 1,442,531	\$ 1,496,957	\$ 754,059	\$ 776,573	

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA 6 maintains its cash in bank deposit accounts that at times may exceed insured limits. MSA 6 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 6 had \$1,472,859 and \$756,568, respectively, in excess of insured limits.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
State principal apportionment	\$ 36,937	\$ 99,113
Due from other agencies	-	1,055
Federal receivable	37,474	15,246
State receivable	74,645	25,242
Lottery	13,428	15,618
Local receivable	 	11,828
Total Accounts Receivable	\$ 162,484	\$ 168,102

NOTE 5 - INTRA-COMPANY RECEIVABLE

The intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 6 and reimbursement for those resources from MSA 6 to the Foundation, and cash transfers for cash flow purposes. MSA 6 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, 2018 and 2017, MSA 6 had an intra-company receivable balance of \$2,500 and \$450,000, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	 2018	2017
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 14,884	\$ 17,566

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Computer and equipment	\$ 148,877	\$ 153,988
Work in progress	10,094	-
Subtotal	158,971	153,988
Less: accumulated depreciation	(130,981)	(102,255)
Total Fixed Assets	\$ 27,990	\$ 51,733

During the year ended June 30, 2018 and 2017, \$28,726 and \$19,778, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Salaries and benefits	\$ 37,359	\$ 40,242
Vendor payables	5,646	115,905
Due to other agencies	3,428	 -
Total Accounts Payable	\$ 46,433	\$ 156,147

NOTE 9 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 6 and reimbursement for those resources from MSA 6 to the Foundation, and cash transfers for cash flow purposes. MSA 6 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, 2018 and 2017, MSA 6 had an intra-company payable balance of \$58 and \$26,392, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - OPERATING LEASE

Magnolia Science Academy 6 entered into a lease agreement with First Lutheran Church of Culver City and Palms on August 1, 2015, for the property located at 3754 Dunn Drive, Los Angeles, California for the sole purpose of operating MSA 6 educational programs and related Charter School activities. Lease payments during 2018 and 2017, were \$114,000 and \$113,500, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 6 is part of the Foundation. MSA 6 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, 2018 and 2017, was \$82,190 and \$89,797, respectively.

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 MSA 6 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 6 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

MSA 6 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2017, 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.

MSA 6 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, 2018, are summarized as follows:

	STRP Defined Benefit Program			
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	10.25%	9.205%		
Required employer contribution rate	14.43%	14.43%		
Required state contribution rate	9.328%	9.328%		

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are presented above and MSA 6's total contributions were \$96,199.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA 6 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, 2018, are presented above and the total Charter School contributions were \$15,954.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$49,077 (9.328 percent of salaries 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 13 - CONTINGENCIES

Grants

MSA 6 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". 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 6 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Litigation

MSA 6 is not currently a party to any legal proceedings.

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 6 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 MSA 6 and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA 6 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 MSA 6 are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA 6 made payments of \$19,055 and \$19,014, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 6 had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 15 - SUBSEQUENT EVENTS

MSA 6's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through ______, 2018, 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

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy 6 (Charter Number 0988) was granted on May 8, 2008, by the Los Angeles Unified School District and renewed for a five year period ending June 30, 2019. MSA 6 operates one school, grades six through eight.

BOARD OF DIRECTORS

MEMBER	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Re	Final Report		
	Second Period Report	Annual Report		
Regular ADA				
Sixth	44.03	43.34		
Seventh and eighth	111.09	111.26		
Total Regular ADA	155.12	154.60		
Classroom based ADA				
Sixth	44.03	43.34		
Seventh and eighth	111.09	111.26		
Total Classroom based ADA	155.12	154.60		

MSA 6 did not operate an independent study non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number	of Days	
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		63,846	180	N/A	Complied
Grade 7		63,846	180	N/A	Complied
Grade 8		63,846	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET ASSETS

Net Assets, June 30, 2018, Unaudited Actuals	\$	1,603,577
Increase (Decrease) in:		
Accounts receivable		(2,441)
Intra-company receivable		2,500
(Increase) Decrease in:		
Accounts payable and accruals		320
Intra-company payable		(58)
Net Assets, June 30, 2018,		
Audited Financial Statement	_\$_	1,603,898

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 6. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 6 and whether MSA 6 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 6'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 MSA 6's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 6'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 MSA 6'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

As part of obtaining reasonable assurance about whether MSA 6'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 MSA 6 in a separate letter dated _______, 2018.

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 MSA 6's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 6's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga,	California
_	, 2018

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 (MSA 6) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 6's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 6'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 2017-2018 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 MSA 6'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 MSA 6's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 6 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 6's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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
Charles School Facility Charles Togram	105

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 6 does not operate a before or after school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA 6 does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

MSA 6 does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

Rancho	Cucamonga,	Californ	nia
		,	2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 6 (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA 6), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA 6 for the year ended June 30, 2018.

Rancho Cucamonga,	California
, 2018	

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

Governing Board Magnolia Science Academy 7 (A California Nonprofit Public Benefit Corporation) Northridge, California

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy 7 (MSA 7) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA 7'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 MSA 7'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA 7, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA 7's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 7's internal control over financial reporting and compliance.

Rancho Cucamonga,	California
	, 2018

MAGNOLIA SCIENCE ACADEMY 7

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	 2018	 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,269,979	\$ 830,140
Accounts receivable	318,241	271,398
Intra-company receivable	-	-
Prepaid expenses and other current assets	 22,337	135,483
Total Current Assets	1,610,557	 1,237,021
Non-Current Assets		
Security deposits	7,227	4,000
Fixed assets	290,998	135,974
Less: accumulated depreciation	(122,900)	(104,385)
Total Non-Current Assets	175,325	35,589
Total Assets	\$ 1,785,882	\$ 1,272,610
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 277,107	\$ 109,231
Intra-company payable	10,579	151,049
Total Current Liabilities	287,686	260,280
NET ASSETS		
Unrestricted	1,243,634	959,589
Designated	254,562	52,741
Total Net Assets	1,498,196	1,012,330
Total Liabilities and Net Assets	\$ 1,785,882	\$ 1,272,610

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

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	 2018	 2017
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
State apportionments	\$ 2,565,977	\$ 2,586,389
Federal revenue	241,181	230,631
Other State revenue	945,358	716,536
Local revenue	 98,633	 87,049
Total Revenues	3,851,149	3,620,605
EXPENSES		
Program services:		
Salaries and benefits	\$ 1,393,792	\$ 1,390,844
Student services	177,626	172,011
Materials and supplies	45,381	101,080
Student nutrition	93,406	117,260
Other expenses	48,552	78,570
Subtotal	1,758,757	1,859,765
Management and general:		
Salaries and benefits	348,448	347,711
Depreciation	18,515	20,286
Management fee	547,935	656,701
Occupancy	293,076	293,806
Operating expenses	 398,552	 377,358
Subtotal	1,606,526	1,695,862
Total Expenses	 3,365,283	3,555,627
CHANGE IN NET ASSETS	485,866	64,978
NET ASSETS, BEGINNING OF YEAR	1,012,330	947,352
NET ASSETS, END OF YEAR	\$ 1,498,196	\$ 1,012,330

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

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in unrestricted net assets	\$	485,866	\$	64,978
Adjustments to reconcile change in net assets to				
net cash provided (used) by operating activities:				
Depreciation expense		18,515		20,286
Changes in operating assets and liabilities:				
(Increase) Decrease in assets				
Accounts receivable		(46,843)		101,100
Intra-company receivable		-		112,514
Prepaid expenses and other current assets		113,146		(107,374)
Increase (Decreased) in liabilities:				
		167,876		(280,618)
Net Cash Provided (Used) by				
Operating Activities		594,863		(71,063)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures		(155,024)		(13,074)
NET CHANGE IN CASH		439,839		(84,137)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		830,140		914,277
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	1,269,979	\$	830,140
Supplemental cash flow disclosure:				
Cash paid during the period for interest	\$	_	\$	_
Cash paid during the period for interest	Ψ		Ψ	

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

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy 7

Charter school number authorized by the State: 0989

Magnolia Science Academy 7 (MSA 7) is a charter school located in Northridge, California that provides kindergarten through sixth grade education to approximately 200 students. MSA 7 was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public perpupil 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. MSA 7 is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA 7 is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA 7's Charter School Management Organization (CMO) that manages MSA 7's nonacademic operation such as financial, general administration, and human resource management. MSA 7'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 - MSA 7 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 MSA 7. Additional information is presented in Note 13 to the financial statements.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA 7 are described below to enhance the financial statements.

Financial Statement Presentation

MSA 7 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. MSA 7 had no temporarily or permanently restricted net assets, as of June 30, 2018 and 2017, respectively. In addition, MSA 7 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. MSA 7 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 2017-2018, MSA 7 did not receive any donor-restricted contributions.

Income Taxes

MSA 7 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 2014 and forward may be audited by regulatory agencies; however, MSA 7 is not aware of any such actions at this time.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

MSA 7 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 and Cash Equivalents

For purposes of the Statement of Cash Flows, MSA 7 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, 2018 and 2017, respectively, 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. MSA 7 has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$18,515 and \$20,286, respectively.

Deferred Revenue

Deferred revenue arises when resources are received by MSA 7 prior to the incurrence of qualifying expenditures. In subsequent periods, when the obligation in which the resources were received are met, or when MSA 7 have a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and revenue is recognized.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA 7' 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. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

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 MSA 7.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA 7 does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA 7 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, 2018 and 2017, MSA 7 has a \$254,562 and \$52,741, respectively, designated balance for California Clean Energy Jobs Act and Educator Effectiveness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA 7 and reimbursement for those resources.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (see Note 10).

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018, consisted of the following:

	June 30, 2018		June 30), 2017	
	Reported	Bank	Reported	Bank	
	Amount	Balance	Amount	Balance	
Deposits					
Cash on hand	\$ 1,269,979	\$ 1,327,872	\$ 830,140	\$ 861,042	

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA 7 maintains its cash in bank deposit accounts that at times may exceed federally insured limits. MSA 7 has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA 7 had a balance of \$1,306,496 and \$838,861, respectively, in excess of FDIC insured limits. Management believes MSA 7 is not exposed to any significant risk related to cash.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

	 2018	 2017
State principal apportionment	\$ 88,402	\$ 141,304
Due from other agencies	-	1,751
Federal receivable	52,117	19,645
State receivable	151,786	83,082
Lottery	25,719	25,616
Other	217	 -
Total Accounts Receivable	\$ 318,241	\$ 271,398

NOTE 5 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 7 and reimbursement for those resources from MSA 7 to the Foundation, and cash transfers for cash flow purposes. MSA 7 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, 2018 and 2017, MSA 7 had an intra-company receivable balance of \$0 and \$0, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 29,564	\$ 139,483

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Building improvements	\$ 27,904	\$ 40,978
Computer and equipment	94,996	94,996
Work in progress	 168,098	
Subtotal	290,998	135,974
Less: accumulated depreciation	 (122,900)	 (104,385)
Total Fixed Assets	\$ 168,098	\$ 31,589

During the year ended June 30, 2018 and 2017, \$18,515 and \$20,286, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Salaries and benefits	\$ 80,072	\$ 70,760
Vendor payables	185,047	22,180
Due to other agencies	11,988	 16,291
Total Accounts Payable	\$ 277,107	\$ 109,231

NOTE 9 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA 7 and reimbursement for those resources from MSA 7 to the Foundation, and cash transfers for cash flow purposes. MSA 7 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, 2018 and 2017, MSA 7 had an intra-company payable balance of \$10,579 and \$151,049, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - OPERATING LEASES

Magnolia Science Academy 7 entered into a lease extension agreement with First Lutheran Church of Northridge on June 20, 2017, for the property located at 18355 Roscoe Boulevard, Northridge, California for the sole purpose of operating MSA 7 educational programs and related Charter School activities and include rental fees that shall be paid on the first of every month. Monthly payments in the amount of \$20, 867 shall be made beginning in fiscal year 2017-2018 and increase 3 percent annually. The term of the lease expired on August 1, 2022. Lease payments during 2018 and 2017, were \$271,754 and \$260,628, respectively.

The future minimum lease commitments are as follows:

Fiscal Year	Payment
2019	\$ 257,916
2020	265,656
2021	273,624
2022	281,832_
Total	\$ 1,079,028

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA 7 is part of the Foundation. MSA 7 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, 2018 and 2017, were \$547,935 and \$656,701, respectively.

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 MSA 7 chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA 7 has no plans to withdraw from this multi-employer plan.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

MSA 7 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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.

MSA 7 contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program		
Hire date	On or before	On or after	
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

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, 2018, are presented above and MSA 7's total contributions were \$140,104.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are summarized as follows:

	School Employer Pool (CalPER)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA 7 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, 2018, are presented above and the total Charter School contributions were \$32,737.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$68,179 (9.328 percent of salaries 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.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA 7 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 MSA 7 and the CharterSAFE is such that the CharterSAFE is not considered a component unit of MSA 7 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 MSA 7 are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA 7 made payments of \$31,480 and \$31,152, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA 7 had no recorded accounts receivable or accounts payable to the CharterSAFE.

NOTE 14 - CONTINGENCIES

Grants

MSA 7 has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". 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 is not currently a party to any legal proceedings.

NOTE 15 - SUBSEQUENT EVENTS

MSA 7's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY 7

(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy 7 (Charter Number 0989) was granted on February 26, 2008, by the Los Angeles Unified School District and renewed for a five year period ending June 30, 2019. MSA 7 operates one school, grades kindergarten through five.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period	Annual
	Report	Report
Regular ADA		
Transitional kindergarten through third	152.39	149.02
Fourth through fifth	122.36	121.99
Total Regular ADA	274.75	271.01
		_
Classroom based ADA		
Transitional kindergarten through third	152.39	149.02
Fourth through fifth	122.36	121.99
Total Classroom based ADA	274.75	271.01

MSA 7 did not operate a non-classroom based Instruction program.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number	of Days	
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Kindergarten	36,000	60,645	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		56,875	180	N/A	Complied
Grade 2		56,875	180	N/A	Complied
Grade 3		56,875	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,875	180	N/A	Complied
Grade 5		56,875	180	N/A	Complied

MAGNOLIA SCIENCE ACADEMY 7

(A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET ASSETS

Balance, June 30, 2018, Unaudited Actuals	\$ 1,498,659
Increase (Decrease) in:	
Accounts receivable	10,279
Prepaid expenses and other current assets	(7,227)
Security deposit	7,227
(Increase) Decrease in:	
Accounts payable and accruals	(163)
Intra-company payable	 (10,579)
Balance, June 30, 2018,	
Audited Financial Statement	\$ 1,498,196

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

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

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of MSA 7. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA 7 and whether MSA 7 complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

MSA 7 must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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 (MSA 7) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated , 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA 7'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 MSA 7's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA 7'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 MSA 7'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

As part of obtaining reasonable assurance about whether MSA 7'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 MSA 7 in a separate letter dated _______, 2018.

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 MSA 7's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA 7's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California ______, 2018

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 (MSA 7) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA 7's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA 7'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 2017-2018 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 MSA 7'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 MSA 7's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA 7 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA 7's compliance with the State laws and regulations applicable to the following items:

	Procedures
LOCAL EDUCATION ACENICIES OTHER THAN CHARTER SCHOOLS	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS Attendance	No. soo bolow
	No, see below No, see below
Teacher Certification and Misassignments Kindergarten Continuance	No, see below
Independent Study	
Continuation Education	No, see below
Instructional Time	No, see below
	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
	,
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA 7 does not operate a before school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA 7 does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

MSA 7 does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

Rancho Cucamonga, Californ	nia
	2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY 7 (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

Governing Board Magnolia Science Academy 7 (A California Nonprofit Public Benefit Corporation) Northridge, California

In planning and performing our audit of the financial statements of Magnolia Science Academy 7 (MSA 7), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA 7 for the year ended June 30, 2018.

Rancho Cucamonga, California
, 2018

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Magnolia Science Academy Bell (MSA Bell) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA Bell'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 MSA Bell'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA Bell, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA Bell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA Bell's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA Bell's internal control over financial reporting and compliance.

Rancho	Cucamonga,	California
		, 2018

FINANCIAL STATEMENTS

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

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	 2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,907,434	\$ 925,839
Accounts receivable	385,404	384,871
Intra-company receivable	1,722,916	2,073,307
Prepaid expenses and other current assets	79,980	20,446
Total Current Assets	 4,095,734	3,404,463
Non-Current Assets		
Fixed assets	320,329	313,302
Less: accumulated depreciation	(187,190)	(129,618)
Total Non-Current Assets	 133,139	183,684
Total Assets	\$ 4,228,873	\$ 3,588,147
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 144,722	\$ 208,560
Intra-company payable	434	13,188
Total Current Liabilities	 145,156	221,748
NET ASSETS		
Unrestricted	3,810,806	3,309,032
Designated	272,911	57,367
Total Net Assets	 4,083,717	3,366,399
Total Liabilities and	 	
Net Assets	\$ 4,228,873	\$ 3,588,147

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

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

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018		2017	
CHANGES IN UNRESTRICTED NET ASSETS				
Unrestricted revenues:				
State apportionments	\$	4,538,699	\$	4,526,038
Federal revenue		342,604		309,446
Other State revenue		980,866		786,188
Local revenue		74,954		71,939
Total Revenues		5,937,123	•	5,693,611
EXPENSES			•	
Program services:				
Salaries and benefits	\$	2,287,778	\$	2,391,957
Student services		231,491		207,080
Materials and supplies		27,207		27,006
Student nutrition		144,444		163,222
Other expenses		124,961		185,334
Subtotal		2,815,881		2,974,599
Management and general:				
Salaries and benefits		539,574		597,989
Depreciation		57,572		67,806
Management fee		1,095,870		1,052,849
Occupancy		318,111		235,424
Operating expenses		392,797		402,720
Subtotal		2,403,924		2,356,788
Total Expenses		5,219,805		5,331,387
CHANGE IN UNRESTRICTED NET ASSETS		717,318		362,224
NET ASSETS, BEGINNING OF YEAR		3,366,399		3,004,175
NET ASSETS, END OF YEAR	\$	4,083,717	\$	3,366,399

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

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

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in unrestricted net assets	\$	717,318	\$	362,224
Adjustments to reconcile change in net assets to				
net cash provided by (used in) operating activities:				
Depreciation expense		57,572		67,806
Changes in operating assets and liabilities:				
(Increase) Decrease in assets				
Accounts receivable		(533)		95,041
Intra-company receivable		350,391		(1,460,548)
Prepaid expenses and other current assets		(59,534)		(8,355)
Increase (Decrease) in liabilities				
Accounts payable and accruals		(63,838)		11,667
Intra-company payable		(12,754)		(61,022)
Net Cash Provided by (Used in) Operating Activities		988,622		(993,187)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures		(7,027)		(110,794)
NET CHANGE IN CASH CASH AND CASH EQUIVALENTS,		981,595		(1,103,981)
BEGINNING OF YEAR		925,839		2,029,820
CASH AND CASH EQUIVALENTS,		,		
END OF YEAR	\$	1,907,434	\$	925,839
Supplemental cash flow disclosure:				
Cash paid during the period for interest	\$		\$	
Cash paid during the period for interest	Ψ		Ψ	

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy Bell

Charter school number authorized by the State: 1236

Magnolia Science Academy-8 (MSA Bell) is a charter school located in Bell, California that provides sixth through eighth grade education to approximately 487 students. MSA Bell was created under the approval of the Los Angeles Unified School District (ending June 30, 2020) and the California State Board of Education, and receives public per-pupil funding to help support their operation. MSA Bell is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA Bell is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA Bell's Charter School Management Organization (CMO) that manages MSA Bell's nonacademic operation such as financial, general administration, and human resource management. MSA Bell'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 - MSA Bell 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 MSA Bell. Additional information is presented in Note 15 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA Bell are described below to enhance the financial statements.

Financial Statement Presentation

MSA Bell 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. MSA Bell had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA Bell is required to present a statement of cash flows.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA Bell 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 2017-2018, MSA Bell did not receive any donor-restricted contributions.

Income Taxes

MSA Bell 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 2014 and forward may be audited by regulatory agencies; however, MSA Bell is not aware of any such actions at this time.

MSA Bell 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, MSA Bell 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, 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. MSA Bell has reported prepaid items either when purchased or during the benefiting period.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$57,572 and \$67,806, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA Bell'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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA Bell.

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

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA Bell 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, 2018 and 2017, MSA Bell has a \$272,911 and \$57,367, respectively, designated balance for California Clean Energy Jobs Act, Educator Effectiveness, and College Readiness funds.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA Bell and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30	0, 2018	June 30	0, 2017
	Reported	Bank	Reported	Bank
	Amount	Balance	Amount	Balance
Deposits				
Cash in banks	\$ 1,907,434	\$ 2,174,208	\$ 925,839	\$ 951,115

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA Bell maintains its cash in bank deposit accounts that at times may exceed federally insured limits. MSA Bell has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA Bell had a balance of \$2,139,207 and \$926,614, respectively, in excess of FDIC insured limits. Management believes MSA Bell is not exposed to any significant risk related to cash.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
State principal apportionment	\$ 199,840	\$ 296,662
Due from other agencies	-	3,014
Federal receivable	122,396	27,902
State receivable	17,928	13,391
Lottery	 45,240	 43,902
Total Accounts Receivable	\$ 385,404	\$ 384,871

NOTE 5 - INTRA-COMPANY RECEIVABLE

The intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA Bell and reimbursement for those resources from MSA Bell to the Foundation, and cash transfers for cash flow purposes. MSA Bell 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, 2018 and 2017, MSA Bell had an intra-company receivable balance of \$1,722,916 and \$2,073,307, respectively, from the Foundation.

NOTE 6 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, are as follows:

	 2018		2017
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 79,980	\$	20,446

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	 2017
Computer and equipment	\$ 307,565	\$ 313,302
Work in progress	 12,764	
Subtotal	320,329	313,302
Less: accumulated depreciation	(187,190)	 (129,618)
Total Fixed Assets	\$ 133,139	\$ 183,684

During the year ended June 30, 2018, \$57,572 and \$67,806, respectively, was charged to depreciation expense.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Salaries and benefits	\$ 98,996	\$ 80,371
Vendor payables	45,726	128,189
Total Accounts Payable	\$ 144,722	\$ 208,560

NOTE 9 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA Bell and reimbursement for those resources from MSA Bell to the Foundation, and cash transfers for cash flow purposes. MSA Bell 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, 2018 and 2017, MSA Bell had an intra-company payable balance of \$434 and \$13,188, respectively, from the Foundation.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FACILITIES USE AGREEMENT

Magnolia Science Academy Bell renewed a Facilities Use Agreement with LAUSD for the sole purpose of operating MSA Bell education programs and related charter school activities. The terms of this agreement are renewed annually and include rental fees that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018 and 2017, was \$318,111 and \$235,424, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

MSA Bell is part of the Foundation. MSA Bell 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, 2018 and 2017, were \$1,095,870 and \$1,052,849, respectively.

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 MSA Bell chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA Bell 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

MSA Bell 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2017, 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.

MSA Bell 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, 2018, are summarized as follows:

	STRP Defined Benefit Program			
Hire date	On or before	On or after		
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	10.25%	9.205%		
Required employer contribution rate	14.43%	14.43%		
Required state contribution rate	9.328%	9.328%		

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are presented above and MSA Bell's total contributions were \$232,680.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA Bell 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, 2018, are presented above and the total Charter School contributions were \$44,743.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$129,480 (9.328 percent of salaries 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.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 14 - CONTINGENCIES

Grants

MSA Bell has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA Bell is not currently a party to any legal proceedings.

NOTE 15 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA Bell 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 MSA Bell and the CharterSAFE is such that the CharterSAFE is not considered a component unit of MSA Bell 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 MSA Bell are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA Bell made payments of \$50,548 and \$50,567, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA Bell had no recorded accounts receivable or accounts payable to the CharterSAFE.

NOTE 16 - SUBSEQUENT EVENTS

MSA Bell's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through ______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY BELL

(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy Bell (Charter Number 1236) was granted on June 15, 2010, by the Los Angeles Unified School District and extended for a five year period ending June 30, 2020. MSA Bell operates one school, grades six through twelve.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Secretary	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

See accompanying note to supplementary information.

¹ Effective July 1, 2018

² Resigned June 30, 2018

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

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Re	Final Report		
	Second Period Report	Annual Report		
Regular ADA		_		
Sixth	131.91	132.02		
Seventh and eighth	340.97	340.46		
Total Regular ADA	472.88	472.48		
Classroom based ADA				
Sixth	131.91	132.02		
Seventh and eighth	340.97	340.46		
Total Classroom based ADA	472.88	472.48		

MSA Bell 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)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		7-18 Number of Days	
	Minutes	Actual	Traditional	Multitrack		
Grade Level	Requirement	Minutes	Calendar	Calendar	Status	
Grades 6 - 8	54,000					
Grade 6		64,320	180	N/A	Complied	
Grade 7		64,320	180	N/A	Complied	
Grade 8		64,320	180	N/A	Complied	

See accompanying note to supplementary information.

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

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET AS	2TT2	

Net Assets, June 30, 2018, Unaudited Actuals	\$ 4,082,888
Increase (Decrease) in:	
Accounts receivable	(1,722,482)
Intra-company receivable	1,722,916
(Increase) Decrease in:	
Accounts payable and accrued payroll	829
Intra-company payable	(434)
Net Assets, June 30, 2018, Unaudited Actuals	
Audited Financial Statement	\$ 4,083,717

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

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA Bell and whether MSA Bell complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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 Nonprofit Public Benefit Corporation) Bell, 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 (MSA Bell) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated ________, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA Bell'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 MSA Bell's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA Bell'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 MSA Bell'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

As part of obtaining reasonable assurance about whether MSA Bell'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 MSA Bell in a separate letter dated ________, 2018.

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

Rancho Cucamonga,	California
_	, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Magnolia Science Academy Bell's (MSA Bell) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA Bell's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA Bell'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 2017-2018 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 MSA Bell'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 MSA Bell's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA Bell 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, 2018.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	1 errormeu
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS Attendance	
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

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

MSA Bell does not operate Independent Study - Course Based instruction; therefore, we did not perform any related procedures.

MSA Bell did not offer Non Classroom-Based instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA Bell did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, Californi	ia
,20)18

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

TINANCIAL STATEMENTS Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	No	
Significant deficiency identified?	None reported	
Noncompliance material to financial statements noted?	No	
STATE AWARDS		
Type of auditor's report issued on compliance for programs:	Unmodified	

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

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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

In planning and performing our audit of the financial statements of Magnolia Science Academy Bell (MSA Bell), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA Bell for the year ended June 30, 2018.

Rancho	Cucamonga,	California
	. 2018	

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

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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 (MSA Santa Ana) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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; and the 2017-2018 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 MSA Santa Ana'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 MSA Santa Ana'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA Santa Ana, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA Santa Ana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA Santa Ana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA Santa Ana's internal control over financial reporting and compliance.

Rancho Cucamonga,	California
	, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

	2018		2017	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 708,858	\$	1,480,920	
Restricted assets:				
Cash held for restricted purposes	-		95,590	
Accounts receivable	1,017,487		147,804	
Intra-company receivable	34,430		15,416	
Prepaid expenses and other current assets	866		28,949	
Total Current Assets	1,761,641		1,768,679	
N. G. A. A.				
Non-Current Assets:	75.554			
Investments in LLC's	75,554		-	
Security deposits	19,890		19,690	
Fixed assets	22,622,538		18,333,010	
Less: accumulated depreciation	 (1,091,112)		(563,281)	
Total Non-Current Assets	21,626,870		17,789,419	
Total Assets	\$ 23,388,511	\$	19,558,098	
LIABILITIES				
Current Liabilities:				
Accounts payable and accruals	\$ 951,469	\$	688,406	
Intra-company payable	2,181,887		2,260,690	
Current portion of long-term obligations	306,020		244,116	
Total Current Liabilities	3,439,376		3,193,212	
Long-Term Obligations:				
Non-current portion of long-term obligations	12,446,842		8,487,874	
Total Liabilities	15,886,218		11,681,086	
NET ASSETS				
Unrestricted	7,487,577		7,743,647	
Designated	14,716		133,365	
Total Net Assets	7,502,293		7,877,012	
Total Liabilities and Net Assets	\$ 23,388,511	\$	19,558,098	

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

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017		
CHANGES IN UNRESTRICTED NET ASSETS					
Unrestricted revenues:					
State apportionments	\$	6,682,934	\$	5,507,828	
Federal revenue		629,550		713,091	
Other State revenue		841,029		644,077	
Local revenue		173,872		89,144	
Total Revenues		8,327,385		6,954,140	
EXPENSES					
Program services:					
Salaries and benefits	\$	4,074,261	\$	3,131,430	
Student services		300,117		440,818	
Materials and supplies		128,857		276,599	
Student nutrition		341,506		329,069	
Other expenses		139,263		206,887	
Subtotal		4,984,004		4,384,803	
Management and general:					
Salaries and benefits		990,009		782,858	
Depreciation		527,830		434,567	
Management fee		1,095,870		1,079,401	
Occupancy		40,911		72,093	
Operating expenses		616,512		622,327	
Subtotal		3,718,100		2,991,246	
Total Expenses		8,702,104		7,376,049	
CHANGE IN UNRESTRICTED NET ASSETS		(374,719)		(421,909)	
NET ASSETS, BEGINNING OF YEAR	·	7,877,012		8,298,921	
NET ASSETS, END OF YEAR	\$	7,502,293	\$	7,877,012	

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

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				_
Change in unrestricted net assets	\$	(374,719)	\$	(421,909)
Adjustments to reconcile change in net assets to	Ψ	(3/4,/17)	Ψ	(421,505)
net cash provided (used) by operating activities:				
Depreciation expense		527,830		434,566
Changes in operating assets and liabilities:		327,330		13 1,200
(Increase) Decrease in assets				
Accounts receivable		(869,683)		65,708
Intra-company receivable		(19,014)		(12,657)
Prepaid expenses and other current assets		28,083		(23,595)
Security deposits		(200)		7,310
Increase (Decrease) in liabilities		(_00)		. ,= = =
Accounts payable and accruals		263,064		487,301
Intra-company payable		(78,803)		1,483,858
Deferred revenue		-		(61,355)
Net Cash Provided (Used) by				
Operating Activities		(523,442)		1,959,227
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital contributions in LLC's		(75,554)		
Restricted cash (received) used for construction		95,590		5,678,755
Capital expenditures		(4,289,528)		(6,302,713)
Net Cash Used by Investing Activities		(4,269,492)		(623,958)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan Proceeds		4,020,872		(24,996)
NET CHANGE IN CASH CASH AND CASH EQUIVALENTS,		(772,062)		1,310,273
BEGINNING OF YEAR		1,480,920		170,647
CASH AND CASH EQUIVALENTS,				
END OF YEAR	\$	708,858	\$	1,480,920
Supplemental cash flow disclosure:				
Cash paid during the period for interest	\$	446,968	\$	_

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

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 - ORGANIZATION AND MISSION

Magnolia Science Academy Santa Ana

Charter school number authorized by the State: 0943

Magnolia Science Academy Santa Ana (MSA Santa Ana) (Formerly Pacific Technology School Santa Ana) is a charter school located in Santa Ana, California that provides transitional kindergarten through twelfth grade education to approximately 720 students. MSA Santa Ana was created under the approval the California State Board of Education, and receives public per-pupil funding to help support their operation. MSA Santa Ana is economically dependent on Federal and State funding.

Magnolia Educational and Research Foundation

MSA Santa Ana is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA Santa Ana's Charter School Management Organization (CMO) that manages MSA Santa Ana's nonacademic operation such as financial, general administration, and human resource management. MSA Santa Ana'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 - MSA Santa Ana 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 MSA Santa Ana. Additional information is presented in Note 19 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA Santa Ana are described below to enhance the financial statements.

Financial Statement Presentation

MSA Santa Ana 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. MSA Santa Ana had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA Santa Ana is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA Santa Ana 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 2017-2018, MSA Santa Ana did not receive any donor-restricted contributions.

Income Taxes

MSA Santa Ana 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 2014 and forward may be audited by regulatory agencies; however, MSA Santa Ana is not aware of any such actions at this time.

MSA Santa Ana 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, MSA Santa Ana 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$527,830 and \$434,567, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA Santa Ana'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.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA Santa Ana.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA Santa Ana does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA Santa Ana 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 MSA Santa Ana Facilities Program is classified as designated assets until the fund is used for the purchase of the land and the construction of the facility. As of June 30, 2018 and 2017, MSA Santa Ana had a designated balance of \$14,716 and \$133,365, respectively, for College Readiness.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA Santa Ana and reimbursement for those resources.

Prior Year Comparative Financial Information

The financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with MSA Santa Ana's financial statements for the year ended June 30, 2018, from which the comparative information was derived.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

	June 30, 2018					June 30, 2017																		
	Reported		Reported		Reported		Reported Bank		Reported		Bank		Reported			Bank								
	Amount		Balance		Balance		Balance		Balance		Balance		Balance		Balance		Balance		Balance			Amount]	Balance
Deposits						_																		
Cash on hand and in banks	\$	266,617	\$	455,326	\$	704,436	\$	749,046																
Orange County Pooled Investment Funds		442,241		N/A		776,484		N/A																
Total	\$	708,858	\$	455,326	\$	1,480,920	\$	749,046																

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA Santa Ana maintains its cash in bank deposit accounts that at times may exceed federally insured limits. MSA Santa Ana has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA Santa Ana had a balance of \$419,062 and \$72,375, respectively, in excess of FDIC insured limits. Management believes MSA Santa Ana is not exposed to any significant risk related to cash.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, was comprised of the following:

	201	18	 2017
Current restricted cash	\$	_	\$ 95,590

Restricted cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). MSA Santa Ana maintains its restricted cash in bank deposit accounts that at times may exceed federally insured limits. MSA Santa Ana has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA Santa Ana had no balance in excess of FDIC insured limits. Management believes MSA Santa Ana is not exposed to any significant risk related to cash.

NOTE 5 - INVESTMENTS

Summary of Investments

Investments as of June 30, 2018 and 2017, are classified in the accompanying financial statements as follows:

	June 30, 2018				June 30	0, 2017										
	R	Reported Fair Market		F	Reported	Fa	ir Market									
Investment Type	Amount Value		Amount Value		Value		Value		Value		ount Value			Amount		Value
Orange County Pooled Investment Funds	\$	442,241	\$	440,337	\$	776,484	\$	775,242								

All assets have been valued using a market approach, with quoted market prices.

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. MSA Santa Ana 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. MSA Santa Ana manages its exposure to interest rate risk by investing in the County Pool.

Weighted Average Maturity

MSA Santa Ana monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 6- MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

MSA Santa Ana 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.

Uncategorized - Investments in the Orange County Treasury Investment Pool are not measured using the input levels above because MSA Santa Ana's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

MSA Santa Ana's fair value measurements are as follows at June 30, 2018:

		Fair	Weighted Average
Investment Type	Level	 Value	Maturity in Days
Orange County Pooled Investment Funds	Uncategorized	\$ 440,337	302

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

MSA Santa Ana's fair value measurements are as follows at June 30, 2017:

		Fair	Weighted Average
Investment Type	Level	 Value	Maturity in Days
Orange County Pooled Investment Funds	Uncategorized	\$ 775,242	325

NOTE 7 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	2018		 2017
State principal apportionment	\$	755,157	\$ -
Federal receivable		141,485	32,415
State receivable		57,467	15,051
Lottery		63,378	100,338
Total Accounts Receivable	\$	1,017,487	\$ 147,804

NOTE 8 - INTRA-COMPANY RECEIVABLE

The June 30, 2018, intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA Santa Ana and reimbursement for those resources from MSA Santa Ana to the Foundation, and cash transfers for cash flow purposes. MSA Santa Ana 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, 2018 and 2017, MSA Santa Ana had an intra-company receivable balance of \$34,430 and \$15,416, respectively, from the Foundation.

NOTE 9 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	2	.018	2017
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$	866	\$ 48,639

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Construction in progress	\$ -	\$ 170,543
Building and improvements	22,157,822	17,892,822
Computer and equipment	269,645	269,645
Work in progress	195,071	
Subtotal	22,622,538	18,333,010
Less: accumulated depreciation	(1,091,112)	(563,281)
Total Fixed Assets	\$ 21,531,426	\$ 17,769,729

During the year ended June 30, 2018 and 2017, \$527,830 and \$434,567, respectively, was charged to depreciation expense.

NOTE 11 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Salaries and benefits	\$ 138,917	\$ 100,307
Vendor payables	812,552	473,859
Due to other agencies		 114,240
Total Accounts Payable	\$ 951,469	\$ 688,406

NOTE 12 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA Santa Ana and reimbursement for those resources from MSA Santa Ana to the Foundation, and cash transfers for cash flow purposes. MSA Santa Ana 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, 2018 and 2017, MSA Santa Ana had an intra-company payable balance of \$2,181,887 and \$2,260,690 from the Foundation.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - LOANS PAYABLE

Charter School Facilities Program

MSA 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 2.00 percent and it matures 30 years after the completion of the project. During 2017-2018, MSA Santa Ana made principal and interest payments of \$219,116 and \$446,968, respectively. The outstanding loan balance as of June 30, 2018, was \$8,812,874.

Future payments are as follows:

Fiscal	Year
--------	------

I Bear I car			
Ended June 30,	Principal	Interest	Total
2019	\$ 223,520	\$ 168,646	\$ 392,166
2020	228,013	164,152	392,165
2021	232,597	159,569	392,166
2022	237,272	154,894	392,166
2023	242,040	150,125	392,165
2024-2028	1,285,166	675,663	1,960,829
2029-2033	1,419,620	541,208	1,960,828
2034 2038	1,568,144	392,683	1,960,827
2039-2043	1,732,208	228,621	1,960,829
2044-2047	1,344,294	53,297	1,397,591
Total	\$ 8,512,874	\$ 2,688,858	\$ 11,201,732
	·		

NOTE 14 - RELATED PARTY TRANSACTIONS

MSA Santa Ana is part of the Foundation. MSA Santa Ana pays the Foundation management fees for services received. The amount is calculated based on management assessment. Management fees paid to the Foundation for the year ended June 30, 2018 and 2017, were \$1,095,870 and \$1,079,401, respectively.

NOTE 15 - 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 SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 MSA Santa Ana chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA Santa Ana 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

MSA Santa Ana 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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.

MSA Santa Ana contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before	On or after
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	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

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, 2018, are presented above and MSA Santa Ana's total contributions were \$404,295

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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 (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before	On or after
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	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

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. MSA Santa Ana 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, 2018, are presented above and the total Charter School contributions were \$73,135.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$114,224 (9.328 percent of salaries 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.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 16 - CONTINGENCIES

Grants

MSA Santa Ana has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time". Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA Santa Ana is not currently a party to any legal proceedings.

NOTE 17 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA Santa Ana 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 MSA Santa Ana and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA Santa Ana 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 MSA Santa Ana are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA Santa Ana made payments of \$76,477 and \$55,252, respectively, to CharterSAFE for services received. At June 30, 2018, MSA Santa Ana had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 18 - SUBSEQUENT EVENTS

MSA Santa Ana's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy Santa Ana (Charter Number 1686) was granted on August 1, 2014, by the California State Board of Education. MSA Santa Ana operates one school, for students in transitional kindergarten through grade twelve.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shohrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Resigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	249.53	251.40
Sixth	174.26	178.90
Seventh and eighth	147.64	152.56
Ninth through twelfth	127.23	131.14
Total Regular ADA	698.66	714.00
Classroom based ADA		
Transitional kindergarten through third	249.53	251.40
Sixth	172.49	177.45
Seventh and eighth	147.64	152.56
Ninth through twelfth	126.83	130.81
Total Classroom based ADA	696.49	712.22

MSA Santa Ana did operate an independent study non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Kindergarten	36,000	54,245	181	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,500	181	N/A	Complied
Grade 2		53,500	181	N/A	Complied
Grade 3		53,500	181	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,640	181	N/A	Complied
Grade 5		54,640	181	N/A	Complied
Grades 6 - 8	54,000				
Grade 6		61,392	181	N/A	Complied
Grade 7		61,392	181	N/A	Complied
Grade 8		61,392	181	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,825	181	N/A	Complied
Grade 10		64,825	181	N/A	Complied
Grade 11		64,825	181	N/A	Complied
Grade 12		64,825	181	N/A	Complied

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET	ASSETS	
INIT	ADDITION	

El ligelig	
Net Assets, June 30, 2018, Unaudited Actuals	\$ 7,502,296
(Decrease) in:	
Intra-company receivable	(34,430)
(Increase) Decrease in:	
Accounts payable and accruals	646,523
Intra-company payable	2,181,887
Current loan	 (2,793,980)
Net Assets, June 30, 2018,	
Audited Financial Statement	\$ 7,502,296

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA Santa Ana and whether MSA Santa Ana complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA Santa Ana'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 MSA Santa Ana's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA Santa Ana'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 MSA Santa Ana'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

As part of obtaining reasonable assurance about whether MSA Santa Ana'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 MSA Santa Ana in a separate letter dated _______, 2018.

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

Rancho	Cucamonga,	California
		, 2018

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's Santa Ana (MSA Santa Ana) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA Santa Ana's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA Santa Ana'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 2017-2018 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 MSA Santa Ana'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 MSA Santa Ana's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA Santa Ana 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, 2018

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA Santa Ana's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND	
CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	·
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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
Charter Benoof Lacinty Orant Program	140, See below

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA Santa Ana did not receive funding related to the California Clean Energy Jobs Act; therefore, we did not perform any related procedures.

MSA Santa Ana does not operate a before or after school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA Santa Ana does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA Santa Ana did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga,	California
	, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY SANTA ANA (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA Santa Ana), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA Santa Ana for the year ended June 30, 2018.

Rancho Cucamonga, California
, 2018

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

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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 (MSA San Diego) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, 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 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; and the 2017-2018 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 MSA San Diego'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 MSA San Diego'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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MSA San Diego, as of June 30, 2018 and 2017, and the changes in its net assets, and its cash flows thereof 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 as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _______, 2018, on our consideration of MSA San Diego's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSA San Diego's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSA San Diego's internal control over financial reporting and compliance.

Rancho Cucamonga,	California
	, 2018

FINANCIAL STATEMENTS

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

(With comparative financial information at June 30, 2017)

JUNE 30, 2018

		2018		2017
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	657,784	\$	620,061
Restricted assets	Ψ	037,704	Ψ	020,001
Cash held for restricted purposes		106,607		106,607
Accounts receivable		271,945		250,662
Intra-company receivable		2/1,545		11,025
Prepaid expenses and other current assets		128,519		246,037
Total Current Assets		1,164,855		1,234,392
Total Cultent Assets		1,104,833	-	1,234,392
Non-Current Assets				
Investments in LLC's		198,191		-
Security deposits		_		25,000
Fixed assets		667,450		649,284
Less: accumulated depreciation		(372,561)		(341,993)
Total Non-Current Assets		493,080		332,291
Total Assets	\$	1,657,935	\$	1,566,683
LIABILITIES				
Current Liabilities:				
Accounts payable and accruals	\$	137,405	\$	136,429
• •	Ф	*	Ф	
Intra-company payable Total Current Liabilities		215,638		29,762
Total Current Liabilities		353,043		166,191
Long-Term Obligations:				
Non-current portion of long-term obligations		151,806		151,806
Total Liabilities		504,849		317,997
NET ASSETS				
Unrestricted		803,763		1,063,588
Designated		349,323		185,098
Total Net Assets		1,153,086		1,248,686
Total Liabilities and Net Assets	\$	1,657,935	\$	1,566,683

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

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

		2018		2017
CHANGES IN UNRESTRICTED NET ASSETS				
Unrestricted revenues:				
State apportionments	\$	2,947,210	\$	3,033,354
Federal revenue		117,595		107,314
Other State revenue		788,908		594,225
Local revenue		99,365		111,765
Total Revenues		3,953,078		3,846,658
EXPENSES				
Program services:				
Salaries and benefits	\$	1,901,413	\$	1,924,008
Student services		181,840		173,608
Materials and supplies		8,906		18,074
Student nutrition		31,385		35,299
Other expenses		50,080		61,812
Subtotal		2,173,624		2,212,801
Management and general:				
Salaries and benefits		472,297		481,002
Depreciation		30,567		39,157
Management fee		324,470		377,766
Occupancy		698,460		330,000
Operating expenses		349,260		331,827
Subtotal		1,875,054		1,559,752
Total Expenses		4,048,678		3,772,553
CHANGE IN UNRESTRICTED NET ASSETS		(95,600)		74,105
NET ASSETS, BEGINNING OF YEAR		1,248,686		1,174,581
NET ASSETS, END OF YEAR		1,153,086	\$	1,248,686
THE HODELO, LITTO OF TENTE	Ψ	1,133,000	Ψ	1,2-0,000

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

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

(With comparative financial information at June 30, 2017)

FOR THE YEAR ENDED JUNE 30, 2018

	2018			2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in unrestricted net assets	\$	(95,600)	\$	74,105
Adjustments to reconcile change in net assets to	·	(, ,	·	, ,
net cash provided (used) by operating activities:				
Depreciation expense		30,567		39,157
Changes in operating assets and liabilities:		,		•
Decrease (Increase) in assets				
Accounts receivable		(21,283)		57,459
Intra-company receivable		11,025		(961)
Security deposits		25,000		(25,000)
Prepaid expenses and other current assets		117,518		(237,516)
Increase (Decrease) in liabilities				
Accounts payable and accruals		977		(54,162)
Intra-company payable		185,876		10,320
Deferred revenue		-		-
Net Cash Provided (Used) by				
Operating Activities		254,080		(136,598)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital contribution in LLC's		(198,191)		-
Capital expenditures		(18,166)		(5,116)
Net Cash Used by Investing Activities		(216,357)		(5,116)
NET CHANGE IN CASH		37,723		(141,714)
CASH AND CASH EQUIVALENTS,				
BEGINNING OF YEAR		620,061		761,775
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	657,784	\$	620,061
Supplemental cash flow disclosure:				
Cash paid during the period for interest	\$	_	\$	

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

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 (MSA San Diego) is a charter school located in San Diego, California that provides educational activities for students in grades sixth through ninth serving approximately 397 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

MSA San Diego is an integral part of Magnolia Educational and Research Foundation (Foundation), which also serves as MSA San Diego's Charter School Management Organization (CMO) that manages MSA San Diego's nonacademic operation such as financial, general administration, and human resource management. MSA San Diego'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 - MSA San Diego 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 MSA San Diego. Additional information is presented in Note 16 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by MSA San Diego are described below to enhance the financial statements.

Financial Statement Presentation

MSA San Diego 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. MSA San Diego had no temporarily or permanently restricted net assets as of June 30, 2018 and 2017, respectively. In addition, MSA San Diego is required to present a statement of cash flows.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. MSA San Diego 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 2017-2018, MSA San Diego did not receive any donor-restricted contributions.

Income Taxes

MSA San Diego 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 2014 and forward may be audited by regulatory agencies; however, MSA San Diego is not aware of any such actions at this time.

MSA San Diego 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, MSA San Diego 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)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, respectively, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Fixed Assets

All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. 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. Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. 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. Depreciation expense for the year ended June 30, 2018 and 2017, was \$30,567 and \$39,157, respectively.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to MSA San Diego'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.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Net Asset Classes

Magnolia Science Academy San Diego 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 MSA San Diego.

Temporarily restricted - These net assets are restricted by donors to be used for specific purposes. MSA San Diego does not have temporarily restricted net assets.

Permanently restricted - These net assets are permanently restricted by donors and cannot be used by the school. MSA San Diego 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 MSA San Diego Facilities Program is classified as designated assets until the fund is used for the purchase of the land and the construction of the facility. As of June 30, 2018 and 2017, MSA San Diego had a designated balance of \$349,323 and \$185,098, respectively, for California Clean Energy Jobs Act and Proposition 1D Funds for the 2018 and 2017 fiscal years.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by the Foundation to MSA San Diego and reimbursement for those resources.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted, and permanently restricted).

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 and 2017, consisted of the following:

0, 2017
Bank
Balance
\$ 642,439
N/A
\$ 642,439
-

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA San Diego maintains its cash in bank deposit accounts that at times may exceed insured limits. MSA San Diego has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA San Diego had \$654,179 and \$625,889 in excess of insured limits.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018 and 2017, was comprised of the following:

	2018		2017	
Current restricted cash for the Charter School Facilities Program	\$	106,607	\$	106,607

Restricted cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). MSA San Diego maintains its restricted cash in bank deposit accounts that at times may exceed insured limits. MSA San Diego has not experienced any losses in such accounts. At June 30, 2018 and 2017, MSA San Diego had \$0 and \$0, respectively, in excess of insured limits.

NOTE 5 - INVESTMENTS

Summary of Investments

Investments as of June 30, 2018 and 2017, are classified in the accompanying financial statements as follows:

	June 30, 2018			June 30, 2018 June 3), 201	17				
	Reported Fair Market		R	eported	Fai	r Market						
Investment Type	A	mount	Value		Value		Value		A	Amount		Value
San Diego County Pooled Investment Funds	\$	62,058	\$	61,400	\$	14,476	\$	14,427				

All assets have been valued using a market approach, with quoted market prices.

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. MSA San Diego 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. MSA San Diego manages its exposure to interest rate risk by investing in the County Pool.

Weighted Average Maturity

MSA San Diego monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 6 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES

MSA San Diego 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.

Uncategorized - Investments in the San Diego County Treasury Investment Pools are not measured using the input levels above because MSA San Diego's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

MSA San Diego's fair value measurements are as follows at June 30, 2018:

		Fair	Weighted Average
Investment Type	Level	 Value	Maturity in Days
San Diego County Treasury Investment Pool	Uncategorized	\$ 61,400	370

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

MSA San Diego's fair value measurements are as follows at June 30, 2017:

		Fair	Weighted Average
Investment Type	Level	Value	Maturity in Days
San Diego County Treasury Investment Pool	Uncategorized	\$ 14,427	417

NOTE 7 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
State principal apportionment	\$ 158,421	\$ 200,163
Federal receivable	64,072	5,925
State receivable	39,073	8,115
Lottery	 10,379	 36,459
Total Accounts Receivable	\$ 271,945	\$ 250,662

NOTE 8 - INTRA-COMPANY RECEIVABLE

The intra-company receivable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA San Diego and reimbursement for those resources from MSA San Diego to the Foundation, and cash transfers for cash flow purposes. MSA San Diego 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, 2018 and 2017, MSA San Diego had an intra-company receivable balance of \$0 and \$11,025, respectively, from the Foundation.

NOTE 9 - PREPAID EXPENSES AND SECURITY DEPOSITS

Prepaid expenses at June 30, 2018 and 2017, consisted of the following:

	 2018	 2017
Prepaid rent, security deposits, insurance, and miscellaneous vendors	\$ 128,519	\$ 246,037

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 - FIXED ASSETS

Fixed assets at June 30, 2018 and 2017, consisted of the following:

	 2018	2017
Computer and equipment	\$ 410,868	\$ 402,163
Work in progress	256,582	247,121
Subtotal	667,450	649,284
Less: accumulated depreciation	(372,561)	(341,993)
Total Fixed Assets	\$ 294,889	\$ 307,291

During the year ended June 30, 2018 and 2017, \$30,567 and \$39,157, respectively, was charged to depreciation expense.

NOTE 11 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017, consisted of the following:

	 2018	2017
Salaries and benefits	\$ 45,626	\$ 7,836
Vendor payables	87,373	115,625
Due to other agencies	 4,406	 12,968
Total Accounts Payable	\$ 137,405	\$ 136,429

NOTE 12 - INTRA-COMPANY PAYABLE

The intra-company payable results from a net cumulative difference between resources provided by Magnolia Educational and Research Foundation (Foundation) to MSA San Diego and reimbursement for those resources from MSA San Diego to the Foundation, and cash transfers for cash flow purposes. MSA San Diego 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, 2018 and 2017, MSA San Diego had an intra-company payable balance of \$215,638 and \$29,762, respectively, from the Foundation.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - LOANS PAYABLE

Charter School Facilities Program

MSA San Diego 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 MSA San Diego's State School Fund Apportionments. The outstanding loan balance as of June 30, 2018, was \$151,806.

NOTE 14 - FACILITIES USE AGREEMENT

Magnolia Science Academy San Diego renewed a Facilities Use Agreement with SDUSD for the sole purpose of operating MSA San Diego education programs and related Charter School activities. The terms of this agreement are renewed annually and include rental fees shall that shall be paid on the first of every month. The Pro-Rata Share of Facilities Cost for the year ended June 30, 2018, was \$698,460.

NOTE 15 - RELATED PARTY TRANSACTIONS

MSA San Diego is part of the Foundation. MSA San Diego 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, 2018 and 2017, is \$324,470 and \$377,766, respectively.

NOTE 16 - 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 MSA San Diego chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. MSA San Diego has no plans to withdraw from this multi-employer plan.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

MSA San Diego 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, 2017, total actuarial value of assets are \$180 billion, the actuarial obligation is \$287 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6 percent funded.

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, 2017, 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.

MSA San Diego contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program		
Hire date	On or before	On or after	
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	10.25%	9.205%	
Required employer contribution rate	14.43%	14.43%	
Required state contribution rate	9.328%	9.328%	

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, 2018, are presented above and MSA San Diego's total contributions were \$201,763.

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, 2016, the Schools Pool total plan assets are \$55.8 billion, the total accrued liability is \$77.5 billion, contributions from all employers totaled \$1.43 billion, and the plan is 71.9 percent funded.

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2016. 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 San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, are summarized as follows:

	School Employer Pool (CalPERS)		
Hire date	On or before	On or after	
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	7.00%	6.50%	
Required employer contribution rate	15.531%	15.531%	

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. MSA San Diego 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, 2018, are presented above and the total Charter School contributions were \$28,775.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$102,769 (9.328 percent of salaries 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.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 17 - CONTINGENCIES

Grants

MSA San Diego has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. The LAUSD Office of Inspector General has been in the process of reviewing prior year's activity. Per the LAUSD Office of Inspector General letter dated November 6, 2017, "unless the Office of Inspector General receives new information or is directed otherwise by the Board, the office of Inspector General will not be moving forward on this matter at this time." Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

MSA San Diego is not currently a party to any legal proceedings.

NOTE 18 - PARTICIPATION IN JOINT POWERS AUTHORITY

MSA San Diego 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 MSA San Diego and CharterSAFE is such that CharterSAFE is not considered a component unit of MSA San Diego 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 MSA San Diego are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2017-2018 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2018 and 2017, MSA San Diego made payments of \$43,695 and \$18,575, respectively, to CharterSAFE for services received. At June 30, 2018 and 2017, respectively, MSA San Diego had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 19 - SUBSEQUENT EVENTS

MSA San Diego's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _______, 2018, 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.

SUPPLEMENTARY INFORMATION

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

Magnolia Science Academy San Diego (Charter Number 0698) was granted on July 1, 2005, by the San Diego Unified School District. MSA San Diego operates one school, grades six through eight.

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	TERM EXPIRES
Mr. Saken Sherkhanov	President	December 11, 2018
Rabbi Haim Beliak	Vice-Chair	February 8, 2022
Dr. Charlotte Brimmer	Director	August 10, 2022
Ms. Sandra Covarrubias	Director/Parent	August 10, 2022
Dr. Salih Dikbas	Director	December 10, 2019
Mr. Shahrat Geldiyev	Director	March 11, 2020
Mrs. Diane Gonzalez	Director	December 10, 2019
Mr. Serdar Orazov	Director	September 9, 2020
Dr. Umit Yapanel	Director	October 11, 2022

ADMINISTRATION

Alfredo Rubalcava¹ Chief Executive Officer, Superintendent Caprice Young, Ed.D.² Chief Executive Officer, Superintendent Nanie Montijo Chief Financial Officer

¹ Effective July 1, 2018

² Reassigned June 30, 2018

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Final Re	Final Report	
	Revised		
	Second Period	Annual	
	Report	Report	
Regular ADA			
Sixth	121.13	120.08	
Seventh and eighth	266.85	264.98	
Total Regular ADA	387.98	385.06	
Classroom based ADA			
Sixth	121.13	120.08	
Seventh and eighth	265.83	262.18	
Total Classroom based ADA	386.96	382.26	

MSA San Diego did operate an independent study non-classroom based instruction program.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Minutes	Calendar	Calendar	Status
Grades 6 - 8	54,000				
Grade 6		61,392	176	N/A	Complied
Grade 7		61,392	176	N/A	Complied
Grade 8		61,392	176	N/A	Complied

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the net assets reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

NET	ASSETS	

Balance, June 30, 2018, Unaudited Actuals	\$ 1,165,312
Increase (decrease) in:	
Prepaid expenses and other current assets	(105,636)
Intra-company payable	215,638
(Decrease) in:	
Accounts payable and accruals	(12,228)
Current loan	 (110,000)
Balance, June 30, 2018,	
Audited Financial Statement	\$ 1,153,086

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by MSA San Diego and whether MSA San Diego complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

INDEPENDENT AUDITOR'S REPORTS

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MSA San Diego'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 MSA San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness of MSA San Diego'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 MSA San Diego'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

As part of obtaining reasonable assurance about whether MSA San Diego'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 MSA San Diego in a separate letter dated _______, 2018.

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

Rancho Cucamonga,	California
_	, 2018

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's (MSA San Diego) compliance with the types of compliance requirements as identified in the 2017-2018 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 MSA San Diego's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of MSA San Diego'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 2017-2018 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 MSA San Diego'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 MSA San Diego's compliance with those requirements.

Unmodified Opinion

In our opinion, MSA San Diego 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, 2018.

In connection with the audit referred to above, we selected and tested transactions and records to determine MSA San Diego's compliance with the State laws and regulations applicable to the following items:

	Procedures
	Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	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
Charles School Facility Charles Togram	110, BCC BCIOW

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

MSA San Diego does not operate a before or after school program within the After/Before School Education and Safety Program; therefore, we did not perform any related procedures.

MSA San Diego does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

MSA San Diego did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Rancho Cucamonga, California	
, 2018	,

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	Unmodified
Type of auditor's report issued: Internal control over financial reporting:	
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

MAGNOLIA SCIENCE ACADEMY San Diego (A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year.

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 (MSA San Diego), for the year ended June 30, 2018, 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.

We are pleased to report there are no matters to note for MSA San Diego for the year ended June 30, 2018.

Rancho Cucamonga, California	
, 2018	

Cover Sheet

Approval Recommendation of MSA 1 Cabling Vendor and Contract

Section: III. Approval Recommendation Items Related to Facilities
Item: A. Approval Recommendation of MSA 1 Cabling Vendor and

Contract

Purpose: Vote

Submitted by: Related Material:

III A MSA-1 Construction Technology Infrastructure.pdf

III A Revised Cover MSA-1 Construction Technology Infrastructure Item.pdf



Facilities Committee Agenda Item#	III A- Action Item		
Board Agenda Item #	TBD		
Date:	12.05.2018		
То:	Magnolia Board of Directors		
From:	Alfredo Rubalcava CEO & Superintendent		
Staff Lead:	Rasul Monoshev, MPS IT Director		
	Approval of Vendors for MSA-1 Construction Technology Infrastructure Recommendations:		
RE:	 Wendor – Digital Synergy Total pricing for the cabling, cabinets, security cameras, and intrusion system and labor–\$60,943.86 Viewsonic screens, cablesfor the classrooms: Vendor – California Western Visuals Pricing for equipment – \$55,190.50 Labor for installation - \$4,000 (We will request them to price match Digital Synergy's labor for installation as labor price of \$380 per screen is too expensive. If they can't price match, we'll go with Digital Synergy for the labor) Total = \$59,190.50 PA bell system:		
	 Vendor for equipment – ProAcoustics Pricing for the equipment –\$13,000 Labor for installation – \$9,000 (We will request vendors for the installation) Total for PA Bell system not to exceed \$22,000 		



Grand Total for All Equipment and Services - \$142,134.36

Proposed Board Recommendation

I move that the board awards the winning bid according to vendor evaluation matrix and adopt the purchase of equipment and cabling services for Magnolia Science Academy (MSA)-1 operating within the approved budgeted amounts. Should there be a similar need for any other Magnolia Public Schools(MPS), the approved vendor, machine model, and price per unit will be used between dates July 1st, 2018 – June 30th, 2020.

Background

For Magnolia Science Academy (MSA)-1's new construction project, the MPS IT Department voluntarily took the responsibility for the planning and implementation of the IT infrastructure for the campus due to the cost effectiveness (From our previous experience, if we select and negotiate our own vendors for the project we save significant amounts of money for the school).

The MPS IT Department opened the RFP process for which the due date was November 2nd, 2018, but due to a lot of interest from vendors and lots of questions and walkthrough requests we amended the RFP and extended the due date for one more week until November 9th, 2018. The RFP evaluation committee consisted of MPS Facilities Director Mr. P. Ontiveros, MPS IT Director, Mr. R. Monoshev, MSA-1 Principal, Mr. M. Sahin, and MSA-1 IT Manager, Mr. J. Lopez. The committee evaluated the bids received and recommends awarding of the bid to Digital Synergy and California Western Visuals.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor: qualifications, credentials, certifications, experience, references	20%
Contract terms and conditions	10%
Total	100.00%

Budget Implications

The budget developed by MPS Staff for the MSA-1 new construction includes an allowance of \$220,000 for the MSA-1 construction technology infrastructure. The scope of work will be paid for from the 2017 bond proceeds.

Name of Staff Originator: Rasul Monoshev

POSTED RFP



REQUEST FOR PROPOSALS

MAGNOLIA SCIENCE ACADEMY-1 CABLING SERVICES

Amended with red highlights for the changes and the Q/A section added on last pages

(**Due Date – November 09, 2018**)

PURPOSE

Magnolia Public Schools ("MPS") is soliciting proposals for the cabling services at its Magnolia Science Academy – 1 ("MSA-1"). MPS is presently constructing a new classroom building at 18220 Sherman Way for the benefit of MSA-1. The main purpose of the required service is to run all the necessary computer networking and security cameras cables, audio visual cables, and PA-Bell system cables. The mounting of security cameras, ceiling speakers for the bell system should be also included in the SOW. The submitted bid such include the bell system, security cameras, and the cables.

<u>Important Date:</u> Due to the construction schedule, the vendor's calendar schedule should be available for the dates between **January 15th**, **2019** – **February 30th**, **2019**.

Should there be a need for any other MPS schools listed below between dates July 1st, 2018 – June 30th, 2020, the approved vendor, the appliance/service model, and the price will be used for the purchase:

MPS School	Address
MSA-1	18238 Sherman Way, Reseda, CA 91335
MSA-2	17125 Victory Blvd., Van Nuys, CA 91406
MSA-3	1254 East Helmick Street, Carson, CA 90746
MSA-4	11330 West Graham Place, Los Angeles, CA 90064
MSA-5	18230 Kittridge St., Reseda, CA 91335
MSA-6	3754 Dunn Dr., Los Angeles, CA 90034



MPS School	Address
MSA-7	18355 Roscoe Boulevard, Northridge, CA 91325
MSA-8	6411 Orchard Ave., Bell, CA 90201
MSA-Santa Ana	2840 W. 1st Street, Santa Ana, CA 92703
MSA-San Diego	6525 Estrella Ave., San Diego, CA 92120

GENERAL TERMS AND CONDITIONS FOR RFP PROPOSAL GUIDELINES

- 1. Each item request and guideline in this RFP must be properly addressed in the proposal.
- 2. All equipment in the submitted proposal must conform to specifications provided in this RFP.
- 3. The Vendor must provide terms of warranty on all products
- 4. The Vendor shall provide a clear itemized breakdown of equipment and services costs.
- 5. The Vendor must provide an estimated timeline for product delivery and installation.
- 6. Proposal must be valid for 60 days.

All questions regarding this RFP should be addressed in writing to Rasul Monoshev, MPS IT Director at rmonoshev@magnoliapublicschools.org.

PROPOSAL SUBMISSION

Proposals are to be submitted for receipt no later than 5:00 PM PST, Friday, 11/09/2018 and may be delivered as follows:

- Email it@magnoliapublicschools.org



- Mail (Regular or Overnight) or Hand Delivery to:

Rasul Monoshev,
MPS IT Director
Magnolia Public Schools
250 East First St, STE1500,
Los Angeles, CA 90012

[Ref: MSA-1 cabling services 2018]

VENDOR WALK THROUGH

If a vendor walk-through is scheduled, the vendor shall sign-in or provide a business card or similar contact information. The date of the walkthrough will be provided.

Attendance at the walk through is *OPTIONAL THOUGH HIGHLY RECOMENDED*; answers to clarifying questions not adequately explained in the existing RFP materials will be posted as RFP Addenda or Amendments on the same web site as this document and available to all vendors. All vendors interested in a walk-through are expected to schedule via email with the contact indicated above. This will allow us to notify all interested parties of any unanticipated, last minute changes in scheduling or starting location. Vendors should never offer gifts or favors of any kind, however small, to anyone associated with MPS, MSA-1 or their officers and agents, including their family members.

Submission of a proposal constitutes a presumptive certification that there is no conflict of interest.

ACCEPTANCE/REJECTION OF PROPOSAL SUBMISSIONS

MPS reserves the right to accept or reject any and all proposals or any portion of any and all proposals in its discretion. While price is an important consideration, it will not be



the sole determining factor in the selection of a Vendor. Payments will not be made nor orders submitted until after the MPS Board of Directors has accepted a proposal and awarded it as the winning proposal submission. A contract will be entered into between MPS and the Vendor after the aforementioned approvals.

PAYMENT

Payment shall be made no later than 60 days after invoice date. The payment will not be issued until after both the Vendor and MPS agree that the project is complete and meets all requirements.

RFP Revisions

MPS reserves the right to modify or issue amendments to this RFP at any time. MPS also reserves the right to cancel or reissue this RFP at any time. Notices will be posted to http://magnoliapublicschools.org. It is the sole responsibility of interested vendors to monitor the URL for posting of such information.

RFP EVALUATION

All qualified, responsive proposals will be evaluated using the following factors and weights.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor qualifications, credentials, certifications, experience, and references	20%
Contract terms and conditions	10%
Total	100.00%

RFP Evaluation Committee

The RFP Evaluation committee members are as follows:

- Rasul Monoshev, IT Director
- Mustafa Sahin, MSA-1 Principal
- Patrick Ontiveros, MPS Facilities Director



Julian Lopez, MSA-1 IT Manager

EQUIPMENT & SERVICES SPECIFICATIONS

• Item 1:

Quantity: 220

Description: Cabling price per Cat 6 drop (according to attached blueprint plus or minus approximately 15-20 drops. The conduits and J-Hooks will be provided. See QA on last pages for more details)

• Item 2:

Quantity: 1

Description: 150 feet fiber cabling between new and old buildings (conduits will be provided for it, i.e. no conduit job needed)

• Item 3:

Quantity: 1

Description: 40 feet fiber cabling between floors (conduits will be provided for it, i.e. no conduit job needed)

• Item 4:

Quantity: 1

Description: 20 Security cameras with 8TB NVR and mounting and configuration service for the cameras

Item 5:

Quantity: 1

Description: The bell system for the whole campus (old and new building) and mounting service for 45 rooms total and 2 outside horns.

Item 6:

Quantity: 1

Description: Lockable closed deep Server Rack to host blade servers in MDF



Item 7:

Quantity: 1

Description: Open Rack for cable organizing and for switches in MDF

Item 8:

Quantity: 2

Description: IDF Racks to host networking switches and cabling organizers

Item 9:

Quantity: 24

Description: 25ft HDMI cables and running cables from teacher corner to the whiteboard (conduits will be provided for it, i.e. no conduit job needed)

Item 10:

Quantity: 2 total (one at the back and another for front door)

Description: Buzzing system for front and back outside doors (conduits will be provided for it, i.e. no conduit job needed) It should include buttons to talk, cameras to see who is out there. There will be a screen in main lobby where school should be able to see and talk to people before letting them into the building.

Item 11:

Quantity: 20

Description: Interactive Display Board: <u>Viewsonic IFP7550 and IFP6560</u> or similar options on separate quotes (Description: 20 - 65" on one quote and 20 – 75" quote on separate for us to compare and go with)

Item 12:

Quantity: 20

Description: Diversitrack Hover Mount or similar for Item 11, Interactive Displays and

mounting service for those.



Cabling Specs

- All copper cable should be CAT6 or better, except when supplementing existing, properly installed CAT5e with additional runs, in which case CAT5e may be used
- b. Where required by applicable codes, plenum cable shall be used
- c. Each classroom should have at least 2 Power over Ethernet [PoE] port(s) at ceiling level to run wireless access point(s). Larger rooms may need more than two for adequate coverage; coverage is defined by both the ability of the AP to give radio signal strength to a given area and the AP's ability to handle the number of simultaneous connections anticipated for a given area. (WAP specifications are detailed below.)
- d. Other drops should be located near A/C power outlets available for end-user equipment
- e. 19-inch 4-post rack in a cabinet to be included if needed for the MDF
- f. Wall-mounted racks or cabinets must be capable of holding 175 lbs.
- g. All between buildings or from MDF to IDFs shall use fiber optic cable, minimum spec 6-strand 50/125 μm multimode fiber, rated at 10 Gbps, with LC-type terminations on all strands
- h. All wiring must be in compliance with TIA/EIA 568/569-C standards. (This is not to be confused with T568A and T568B termination punch order standards)
- All wiring must be labeled on both ends and tested, with wiring maps supplied.
 Copper and fiber test results and wire maps are to be supplied to the Applicant in electronic format
- j. All necessary racks, cabinets, patch panels, patch cables, raceways, surface mount boxes, junction boxes, and similar items needed for a complete and working system should be included in cabling bids
- k. Racks should be large enough to accommodate other eligible equipment such as switches, routers, and servers that need to be co-located with patch panels, whether or not provided by the same Vendor
- I. All necessary additional patch cables should be supplied, in appropriate lengths.
- m. All runs should be properly terminated at the patch panel unless otherwise



indicated.

- n. Bids should summarize average per-drop pricing, including all parts, labor, taxes, and shipping
- o. MDF to contain: edge device (if needed), firewall, switches sufficient to activate all ports with modest (20%) spare capacity, patch panels for telephone and data traffic, appropriately sized UPS to support eligible equipment
- p. IDF's to contain: patch panel, switch(s), appropriately sized UPS to support all eligible equipment with necessary cascade. All IDF's will have either 1 or 2 POE switches protected by appropriately sized UPS units
- q. All IDF and MDF equipment must be mounted on standard 19-inch racks. Rack hardware should be included in cabling quotation
- r. Typical schools will require an MDF, ideally located at the MPOE, plus multiple IDFs

Attachment:

The new building blueprint with annotations.

Delivery/Shipping

NOTE: No dock at this location.

Bill to and Ship to Address:

Magnolia Public Schools

Magnolia Public Schools, 250 East First St, STE1500, Los Angeles, CA 90012



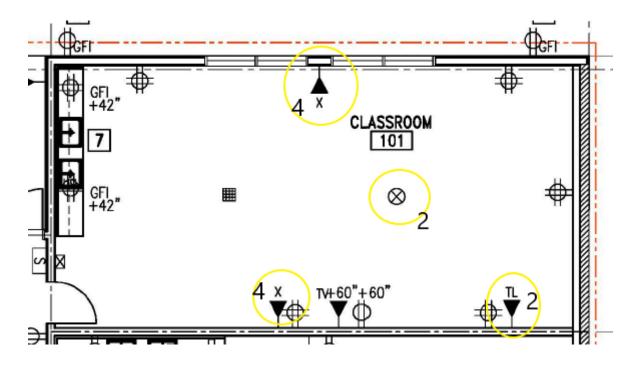
PROJECT Q/A:

Question 1:

In addition to the site walk question – the RFP calls for 110 drops. But the count on the floor plans between A1.3 and A2.3 are 284.

Can we clarify that these notations I made are correct – i.e. this classroom has 12 drops in it.

4 for each quad outlet, 2 for TL 2 for the ceiling AP



Answer:

The drops per classroom:

2 on teacher's corner, 4 on opposite side (Quad plate), 1 for Access Point on ceiling and 1 on teaching wall = Total 8 instead of 12 drops on blueprint



Question 2:

Is it possible to do a site walk?

Answer:

Yes, please with school's IT, Julian Lopez at jblopez@magnoliapublicschools.org

Question 3:

Bell system for the entire campus:

- > The school does not want a wireless bell system correct?
- > The 45 classrooms listed include adding the bell system to existing classrooms not just ones in the new building correct?
 - > Do you want clocks for the new classrooms as well?
 - > Do you want new clocks for the existing classrooms?
 - > Are wireless clocks ok, or do you want wired POE clocks?
 - > Do you want to be able to page through the bell system?

Answer:

- Correct, we don't want wireless bell system (In fact, our current bell/pa system is wireless)
- ➤ Yes, it includes both sites new construction site and old site Important Note: We want drop ceiling speakers, around 22 on new site and 23 wall mount speakers for old building for the bell/pa system. Plus 2 horns for outside lunch area.



- Yes, we want clocks (Not PoE, synced with bell pa system though)
- Yes, clocks for all classrooms new and existing buildings
- Wireless clock are ok, we don't want to run Ethernet drops for those and provide extra switches for clocks
- Yes, we would like to be able to page with bell system

Question 4:

Security cameras - of the 20 cameras being requested I only see 13 on the floor plans, are there camera locations that are somewhere other than the new building?

Answer:

Yes, we are adding another 7 security cameras which are not on blueprints (all are at new site)

Question 5:

- Do you want a color scheme of cables?
- If cable tray is provided?
- 4 post rack cabling tray?

Answer:

- Color scheme is not important, but can be implemented (as pricing per drop will remain the same)
- No, cable tray is not provided. I added open rack for it Item 7, so please bid by including everything.
- 4 post rack cabling tray is OK. (Note: IDF cabinets are there to host those cabling terminations and to host switches. Please bid accordingly)



Question 6:

- What are the minimum specs you are looking for in regards to equipment i.e,
 NVR, Server rack?
- They wanted information on existing equipment.

Answer:

- Server rack Items are added with details in Item 6 and 7. (1 lockable, deep rack and one open rack for cabling and switches for MDF, both needs to be mounted on the floor). NVR – minimum of 8-10TB of space is preferable.
- NVR is a generic system, some Chinese brand. There was no model number or manufacturer on the device.
- Current phone system is 3CX and we would like to keep it that way (expand it).
 PA/Bell system should be compatible with 3CX system. i.e. school should be able to make announcements from the desk phones.

Question 7:

- Another question about the amended RFP. Can we adjust security camera quote to include connection to current system?

Answer:

 Yes, the compatibility with current existing system is important. As mentioned in previous answer, the NVR spec is not clear but we want to be able to see existing and new system cameras in one system. (and those are will be in one physical and logical network).



Question 8:

- Rfp is a lil confusing.. do we email and reg mail our bid? Or can we just email?

Answer:

- If you're emailing, no need to mail. Please let me know if you're mailing.

Question 9:

 The one thing I wasn't clear on was the PA system and if you want to speaker/bell in every classroom?

Answer:

Yes, speaker bell system is required in every classroom. I updated the
description above. Since the new building is drop ceiling, we want ceiling
speakers and in old building no drop ceiling, so we need wall mounted speakers.
And two outside speaker horns for lunch area.

Question 10:

- What are the technical requirements, quantity, and functionality needed for the bell system?
- Does the bell system require 2 way paging or no paging?
- Do you have a preference on the manufacturer for the bell system?
- Do we have to bid this project in full or can we bid the project partially since there are no specifications for the paging system?
- Is cabling required for the bell system?
- Are you looking for the Bell System or paging system?
- Will paging system be included? if yes, will that be 1-way paging or 2-way paging?
- Do you have technical specifications?
- For Cabling Are you looking for raiser rated cable or plenum cable?



 For Fiber Optics Cabling - Are you looking for multi-mode fiber optics cable or single-mode fiber optics cable?

Answer:

- Bell system is pretty much straightforward, total of. 2 zones for old and new sites.
 One way paging system (i.e. no need for two way paging system). It should be compatible with our current phone system 3CX. And finally, details are added above and I encourage going through the QA section.
- One way paging, including paging from the phone system
- No preference
- You can bid fully or partially. Separate quotes for options are also great. i.e. same bidder but let's say two options for the bell/pa system. Example: Bogen on one quote and some other option on other one.
- Cabling required for the bell system and should be included in the bid
- Both bell and paging system
- Same question as above and same answer. 1 way paging system
- No technical specs just the description of what we need is specified above.
- Please bid both options on separate quotes. Riser and Plenum. We will go with one.
- Same. Please bid both options on separate quotes. Multi and single mode. We will go with one option.

Question 11:

Is this a pre-vailing wage project?

Answer:

- No, pricing should include for the whole project and should remain the same.

Question 12:

I just need to know what type of camera they need.



Answer:

Type of camera: PoE

Question 13:

- 1. Is your total count 110 CAT6 Cables? Or is this count to accommodate 10- 15 drops with 4 cables per station? Just want to capture total individual cables per station.
- 2. Is this price per foot plus the terminations and do we include all hardware required in this cost?
- 3. Does this price include cabling, Mounting and Camera device?
- 4. Do we provide cabinet as specified in your specs?
- 5. Do we include faceplate? If so do we need to provide small HDMI patch cords from Device to faceplates?

Answer:

- The drops are updated above. There is a possibility of adding or removing 15-20 drops, but pricing per drop is important.
- It's just the distance is provided between MDF and IDF so that vendors could buy fiber optics cable accordingly.
- Cabling for cameras is included in Item 1. But yes mounting, configuration and etc. should be included.
- Yes, we need cabinets for the MDF to host our cables and necessary cable organizers. Updated items for open and lockable rack for those.
- Yes, faceplates and male to female adapter should be included in pricing and SOW. The smaller HDMI cable from wall to device is not important as we can buy ourselves later. Update: Interactive displays, mounts and mounting service included as additional items

EVALUATION MATRIX

MSA-1 Construction IT Infrastructure

Cabling, cabinets, security cameras, and	l intrustion system							
	ION	Digital Synergy	Sky Technology	XACT	FTSI	Network Solutions	Network Solutio	ns
Total price (40%)	43.417.27	60.940.60	\$40,772.3	3 \$122,924.0	\$75,371.2	1 \$150000+	\$80000+	
	Note. Lacks details on	All the items included	in Only cabling with materials	All the items included i	n All the items	All the items included in th	e All the items inclu	ded
	certain items like cabling	the bid with	inlcuded in the bidding. Less	the bid.	included in the bid	bid with descriptions and	in the bid with	
	per drop wasn't included in	descriptions and clear	vendors to cover more items on		with descriptions	very clear	descriptions and v	rery
	the pricing quotes.		the project will make it easier to		and very clear		clear	
			manage the project especially					
			with only 2 week window					
Functionality/specification of items(30%)			provided.					
Vendor Qualifications(20%)	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	
Terms and Conditions(10%)	Good	Good	Good	Good	Good	Good	Good	
	Evaluation							
Pricing including tax (Max 40 points)	40) :	36	40 3	0	33 2	25	32
Functionality/specification of items (Max 30 points)	20						80	30
Vendor Qualifications (Max 20 points)	20)	20	20 2	.0	20 2	20	20
Terms and Conditions (Max 10 points)	10) :	10	10 1	.0	10 1	10	10
	90) 9	96	93 9	10	93 8	85	92

The Winning bid is Digital Synergy

65' Viewsonic Screens and mounts

05 11011501110 001 00115 0110 1110 01115								
	California Western Visual	s Staples	ION	Digital Synergy	XACT	FTSI	Network Solutio	ons
Total price for the screens mounts, and cables(40%)	55.190.50	\$51,298.6	2 \$62	2.32 \$72.	.24 \$82,000.	00 \$74,413.2	28 \$101,507	7.85
	All the items included in	The mount is not what	All the items included in the b	d All the items included	in All the items	All the items included in the	ne All the items inclu	uded
	the bid with descriptions	school wanted - i.e.	with descriptions and clear	the bid with descripti	ons included in the bi	d. bid with descriptions and	in the bid with	
	and clear	Hovermount		and clear		very clear	descriptions and v	very
							clear	
Functionality/specification of items(30%)								
Vendor Qualifications(20%)	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	Well Qualified	
Terms and Conditions(10%)	Good	Good	Good	Good	Good	Good	Good	
	Evaluation							
Pricing including tax (Max 40 points)	3	8 4	10	35	30	20	24	15
Functionality/specification of items (Max 30 points)	3	0 2	25	30	30	30	30	30
Vendor Qualifications (Max 20 points)	2	0 2	20	20	20	20	20	20
Terms and Conditions (Max 10 points)	1	0 :	10	10	10	10	10	10
	9	8 9	95	95	90	80	84	75

The Winning bid is California Western Visuals

RECEIVED BIDS

MAGNOLIA PUBLIC SCHOOLS

ATTN: Rasul Monoshev

MSA 1 Cabling Project

We appreciate the opportunity to bid on your project.

SPIN # 143036385 – Digital Synergy Consulting, Inc.
FRN # 0024370165
DIR # 1000012855
CSLB C10 License # 1011924
CA Business License Entity #: C2824489
CA Small Business Certification ID: 1757859
LA County Small Business Certification #: 1757859
City of Los Angeles Small Business Certification # SLB – 3155

Bidding Company:

Digital Synergy Consulting, Inc. 15021 Ventura Blvd #501 Sherman Oaks, CA 91403

Contact:

Ken Hagopian 818.647.9900 x210 ken@dsc.la



Capabilities Statement:

Digital Synergy is an IT consulting company located in Los Angeles, CA. We have implemented a number of high-density multi-building and multi-floor networks for both educational institutions and other enterprises. We have the experience to put in networks that work, and the tools to validate the design. We are HP, Brocade, Cisco, Meraki, Aruba and Ruckus partners.

We have spearheaded 1 to 1 initiatives for schools, and assist them in the design of their networks, wireless infrastructure, servers, and google apps.

We have been providing network services since 2006

Project Scope and assumptions:

Project RFP Response is separated in multiple sections. Anything on this quote can be changed. We are happy to work with the school to find a solution that fits within a budget that is affordable. We also offer leasing options for any or part of this project.

We have also included some alternative options for the ViewSonic Interactive flat panel displays.

Quote #1 Cabling & Cameras:

- CAT6 Cabling as requested. Quantities can be increased at the existing unit price
- Fiber Cabling
- Racks as requested
- > 5 Megapixel vandal proof Cameras
- ➤ 32 Channel NVR with 12 TB of storage. This NVR will support other brand cameras. We would need to see if they existing cameras can be attached to this unit.



Quote



From: Ken Hagopian

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity Description	Unit Price	Ext. Price
1.00 Note: MSA 1 Cabling	\$0.00	\$0.00
220.00 Cabling CAT6 Non-Plenum, basic drops assumptions: existing pathwaruns required or room in existing conduits, no surface raceway require		\$33,000.00
1.00 Cabling between new and old buildings: 6 Strand 50/125 Multimode C Indoor/Outdoor Fiber Optic Cable - terminated with LC connectors	M3 \$1,250.00	\$1,250.00
1.00 Fiber cabling between floors: 12 Strand 50/125 Multimode OM3 Indoor Plenum Fiber Optic Cable - Black terminated with LC connectors	r/Outdoor \$975.00	\$975.00
3.00 1U Rackmount Fiber Tray	\$150.00	\$450.00
4.00 6 Port (12F) Loaded LC Adapter Panel	\$50.00	\$200.00
10.00 Cat 6 panel 24 Port Patch panel	\$95.00	\$950.00
20.00 Security Cameras: HIKVISION 2.8MM 5 MEGAPIXEL ULTRA-LOW L DOME CAMERA.	GHT NETWORK \$198.00	\$3,960.00
1.00 32CH NVR with 12 TB Storage 32-Channel up to 12MP HDMI 4-SATA interfaces 2 - 6TB hard drives Installed	\$1,450.00	\$1,450.00
20.00 Cabling for Cameras	\$150.00	\$3,000.00
1.00 Camera Install, Setup, Configuration, Mounting	\$1,500.00	\$1,500.00
1.00 Middle Atlantic BGR-SA SERIES RACK, 38 RU, 32"D- 32" D X 70 5/t Depth: 29.4 Usable Height: 66.625 Panel Width: 19. With VENTED FR RU BGR RACKS		\$1,500.00
1.00 Open Rack for MDF	\$450.00	\$450.00
1.00 MMR SERIES RACK, 18 RU, 24" D X 36.35" H with Essex 18 RU ple	ri front/rear door \$818.00	\$818.00
1.00 Ladder rack for MDF	\$475.00	\$475.00
24.00 HDMI Cable, 25 Feet	\$15.00	\$360.00
40.00 Patch Cable CAT6 7 Ft.	\$5.00	\$200.00
1.00 Mounting of all Racks, ladder rack, misc hardware installation	\$1,500.00	\$1,500.00
	Subtotal:	\$52,038.00
	Sales Tax:	\$1,010.45
	Total:	\$53,048.45

Thank you,	We appreciate	the oppor	tunity to	quote your	business.
nttn•//www	dsc la				

Signature:	Date:

Quote #2 Bell & Paging System:

- ➤ All devices are POE and do not require additional power outlets
- All devices are cabled onto the network and are not wireless
- 22 Ceiling speakers with support brackets for additional safety.
- 23 Wall mount speakers
- 2 Outdoor Horn speakers
- ➤ Bell schedule system and Paging adapter
- ➤ The system can create multiple paging zones to accommodate paging the entire school or just 1 building at a time
- Compatible with the schools existing 3cx system. Each device is registered on the phone system as a SIP device
- ➤ We will assist the school with configuration of the bell and paging system.



Quote



Ken Hagopian From:

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(818) 647-9900

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Paging System & Bell System	\$0.00	\$0.00
22.00	Ceiling Speaker: Algo 8188 SIP compliant IP ceiling speaker for voice paging, emergency notification, and background music. Wideband G.722 codec support provides optimum speech clarity in a HD voice environment. The integrated microphone enables talkback. The speaker is PoE and does not require an additional amplifier.	\$325.00	\$7,150.00
22.00	8188TBR T-Bar Support Bracket transfers the weight of the 8188 SIP Ceiling Speaker onto the T-Bar rails that hold up the ceiling tiles. This additional security is recommended in earthquake prone areas and to reduce chance of accidents as the ceiling tiles age and degrade due to moisture.	\$55.00	\$1,210.00
23.00	Wall Mount Speaker: IP speaker/amplifier for voice paging, loud ringing, and notification. PoE endpoint, allowing dual SIP registrations (Ring & Page). Supports talk back and simultaneous multicasting. Integrated Relay and Audio Output for interfacing analog accessories. The speaker is PoE and does not require an additional amplifier.	\$250.00	\$5,750.00
2.00	Outdoor Horn Speaker: Weatherproof SIP compliant IP horn speaker for voice paging, loud ringing, and emergency/safety/security notification and alerting. The speaker is PoE and does not require an additional amplifier.	\$350.00	\$700.00
1.00	The 8301 is a PoE IP Paging Adapter for integrating existing and traditional paging solutions into a VoIP environment. The 8301 also includes a scheduler for automated and precise play of WAV files suitable for school bells and public announcements. 50 Page Extensions 10 Alerting Extensions	\$350.00	\$350.00
47.00	Mounting for Speakers	\$85.00	\$3,995.00
47.00	Cabling for Speakers Non-Plenum, basic drops assumptions: existing pathways, no conduit runs required or room in existing conduits, no surface raceway required. Per drop cost	\$150.00	\$7,050.00
2.00	Cat 6 panel 24 Port Patch panel	\$95.00	\$190.00
94.00	Patch Cable CAT6 7 Ft.	\$5.00	\$470.00
1.00	Installation and configuration of paging system. Setup paging zones, assist in configuring sip registration on phone system. Testing and training.	\$4,250.00	\$4,250.00
		Subtotal:	\$31,115.00
		Sales Tax:	\$1,226.05
		Total:	\$32,341.05

http://www.dsc.la		
Signature:	Date:	

Thank you, We appreciate the opportunity to quote your business.

Quote Set #3 Wi-Fi Clocks:

- > Clocks are battery powered but check in for time via Wi-Fi
- > No wireless broadcasting equipment or FCC registration needed
- ➤ No concern about range from the wireless transmitter to the clocks
- ➤ No additional equipment to maintain for the clocks
- ➤ Battery Life Expectancy 3 Years



Quote



Ken Hagopian From:

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Thank you, We appreciate the opportunity to quote your business.

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Wi-Fi Clocks	\$0.00	\$0.00
45.00	Wi-Fi Clock 13" No FCC registration required, No expensive transmitter, connects to Wi-Fi System, 4D batteries required. Battery Life Expectancy - 3 Years	\$160.00	\$7,200.00
1.00	Software CD for WIFI / POE Clocks	\$150.00	\$150.00
180.00	D Cell Batteries	\$1.50	\$270.00
45.00	Mounting, Installation and configuration of Clocks	\$20.00	\$900.00
1.00	Shipping	\$350.00	\$350.00
		Subtotal:	\$8,870.00
		Sales Tax:	\$590.55
		Total:	\$9,460.55

http://www.dsc.la	, , ,	
Signature:		Date:

Quote Set #4 Interactive Displays:

- ➤ We have quoted both ViewSonic models as requested by the school
- We have quoted the mounts requested by the school
- ➤ The larger ViewSonic model is slightly over the weight limit of the mounts
- As an alternative we have also quoted the top of the line Epson Interactive projector:
 - Significantly less costly than the ViewSonic panels
 - https://epson.com/For-Work/Projectors/Interactive/BrightLink-695Wi-WXGA-3LCD-Ultra-Short-throw-Interactive-Display/p/V11H740522
 - o https://www.youtube.com/watch?v=ZvVGnxqkRzY



Quote



Ken Hagopian From:

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Thank you, We appreciate the opportunity to quote your business.

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Viewsonic IFP7550	\$0.00	\$0.00
20.00	VIEWSONIC : Advanced 75 inch Ultra HD ViewBoard Interactive Flat Panel IFP7550. Pricing will need to be refreshed on 12/29/18	\$3,245.00	\$64,900.00
20.00	Track Technology Systems Hovermount Flat Panel Mount, height adjustable up to 125 lbs. **Quoted as requested by school. This panel is slightly heavier than the mounts rating**	\$400.00	\$8,000.00
1.00	Shipping LTL	\$750.00	\$750.00
20.00	Mounting of equipment	\$165.00	\$3,300.00
		Subtotal:	\$76,950.00
		Sales Tax:	\$5,649.75
		Total:	\$82,599.75

http://www.dsc.la	
Signature:	Date:

Quote



Ken Hagopian From:

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Thank you, We appreciate the opportunity to quote your business.

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Viewsonic IFP6560	\$0.00	\$0.00
20.00	VIEWSONIC : 65inch ViewBoard 4K Interactive Flat Panel with InGlass Technology IFP6560. Pricing will need to be refreshed on 12/29/18	\$2,950.00	\$59,000.00
20.00	Track Technology Systems Hovermount Flat Panel Mount, height adjustable up to 125 lbs.	\$400.00	\$8,000.00
1.00	Shipping LTL	\$750.00	\$750.00
20.00	Mounting of equipment	\$165.00	\$3,300.00
		Subtotal:	\$71,050.00
		Sales Tax:	\$5,192.50
		Total:	\$76,242.50

http://www.dsc.la	
Signature:	Date:

Quote



Ken Hagopian From:

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Thank you, We appreciate the opportunity to quote your business.

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Epson 695Wi Interactive Display	\$0.00	\$0.00
20.00	Epson: BrightLink 695Wi WXGA 3LCD Ultra Short-throw Interactive Display. The 695Wi delivers a dynamic, easy-to-read display up to 100". Turn almost any wall or existing whiteboard into an interactive workspace with touch-based interactivity — up to six users at once.	\$1,900.00	\$38,000.00
20.00	EPSON : Ultra-Short Throw Wall Mount	\$109.00	\$2,180.00
1.00	Shipping LTL	\$650.00	\$650.00
20.00	Mounting of equipment	\$165.00	\$3,300.00
		Subtotal:	\$44,130.00
		Sales Tax:	\$3,113.95
		Total:	\$47,243.95

nttp://www.usc.ia	
Signature:	Date:

Quote Set #5 Door intercom system:

- ➤ POE Touchscreen entry device with built in camera
- Video from the entry door can be viewed by any web browser
- Video compliant phones will also display the video
- > Standard generic SIP device to work with phone system



Quote



From: Ken Hagopian

Digital Synergy Consulting Inc. 15021 Ventura Blvd. #501 Sherman Oaks, CA 91403

(818) 647-9900

Ken@DigitalSynergyIT.com

Prepared for: Rasul Monoshev

Magnolia Public Schools 18238 Sherman Way Reseda, CA 91335 United States

rmonoshev@magnoliapublicschools.org

Quantity	Description	Unit Price	Ext. Price
1.00	Note: MSA 1 Door Intercom	\$0.00	\$0.00
	IP Video Touch Screen Intercom for Door & Gate Entry. SIP compliant PoE outdoor intercom combining the functionality of an IP phone, security camera and interactive kiosk via a touch screen interface.	\$1,850.00	\$3,700.00
2.00	IP Door Opening Control and SIP Interface Module	\$375.25	\$750.50
	Cabling CAT6 Non-Plenum, basic drops assumptions: existing pathways, no conduit runs required or room in existing conduits, no surface raceway required. Per drop cost	\$150.00	\$600.00
	Setup, installation and configuration. Video viewing can be on any PC or web browser, or some compatible video enabled SIP phones (not included).	\$2,500.00	\$2,500.00
		Subtotal:	\$7,550.50
		Sales Tax:	\$344.91
		Total:	\$7,895.41

Fhank you, We appreciate the opportunity to quote your business.	
nttp://www.dsc.la	
Signature:	Date:

Leasing Examples:

> Rough leasing numbers provided. We can include items not provided from us on the lease as well, dollar amount can be changed as needed:



November 5, 2018



Finance Options for

Customer Name: Magnolia Science Academy

Equipment Description: Tech/Furniture/Telecom/Data/Softwware

Transaction Amount: \$50,000.00

Vendor Name: Digital Synergy Consulting, Inc.

To apply for credit, please circle the subscription option(s) of most interest to you. Then, complete and submit the application below. Note: payment figures do not include applicable taxes.

Payment Proposal Summary:

No advance payment is required

	FMV	\$1 Out
Standard Term	Monthly Payment	Monthly Payment
12	\$4,516.00	\$4,516.00
24	\$1,886.00	\$2,326.50
36	\$1,379.00	\$1,583.00
48	\$1,172.00	\$1,233.00
60	\$1,055.00	\$1,024.50

Your End-Of_Lease Options Are:

1) Purchase the equipment for its Fair Market Value, or FMV (Fair Market Value)

Continue to lease the equipment for your regular monthly payment, or

3) Renew the lease for a specified time, or 4) Return the equipment to the Lessor

\$1 Out 1) Purchase the equipment for \$1.00.

When you choose to lease, there may be no greater advantage than the ability to purchase more equipment and services through a financed structure compared to a cash purchase. This added buying power allows you to get more of the solution you need to meet the goals of your organization. Other benefits include:

We can finance hardware, software, services, installation, training and more.

Avoid the full cost of ownership of equipment that becomes obsolete due to technology advances.

Finance the Entire Solution: Technology Obsolescence: Predictable, Monthly Payments:

Leasing enables you to pay over time, rather than invest a lump sum up front.

Payments may be tax deductible. See your tax and accounting advisor to confirm the benefits.

Fixed monthly payments allow to you accurately forecast budgets now and in the future. Tax & Accounting Benefits: Easier Budget Forecasting:

Terms: 1) Quote is valid for, and must fund within, 30 days from issuance, II) Quote is good for new equipment only. III) Quote does not include applicable taxes, which may be billed in addition to the monthly payment, IV) All guotes and transactions are subject to CIT Bank, N.A. credit, documentation and equipment configuration review and approval, V) Rates subject to change without notice, VI) Monthly payments may reflect monthly pass through payments for vendor supplied maintenance / service, VII) All transactions are subject to a \$75.00 Documentation Fee.

Please contact me should you have any questions about your finance options

I look forward to working with you and designing a finance solution to fit your needs.

Thank You. Ryan Kuss 610-202-2548 ryan.kuss@cit.com November 8, 2018



Finance Options for

Customer Name: Magnolia Science Academy

Equipment Description: Tech/Furniture/Telecom/Data/Softwware

Transaction Amount: \$100,000.00

Vendor Name: Digital Synergy Consulting, Inc.

To apply for credit, please circle the subscription option(s) of most interest to you. Then, complete and submit the application below. Note: payment figures do not include applicable taxes.

Payment Proposal Summary:

No advance payment is required

FMV	\$1 Out
Standard Term Monthly Payment Mo	nthly Payment
12 \$8,984.00	\$8,984.00
24 \$3,745.00	\$4,629.00
36 \$2,735.00	\$3,147.00
48 \$2,318.00	\$2,447.00
60 \$2,085.00	\$2,029.00

Your End-Of_Lease Options Are:

1) Purchase the equipment for its Fair Market Value, or FMV (Fair Market Value)

Continue to lease the equipment for your regular monthly payment, or

3) Renew the lease for a specified time, or 4) Return the equipment to the Lessor

\$1 Out 1) Purchase the equipment for \$1.00.

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Please contact me should you have any questions about your finance options.

I look forward to working with you and designing a finance solution to fit your needs.

Thank You. Ryan Kuss 610-202-2548 ryan.kuss@cit.com

Similar Project Experience & References:

- 1. <u>La Canada Unified School District</u> Wireless network upgrade. Replaced existing and added new access points. Certified existing cabling, installed new cabling. Indoor and outdoor access points. Also performed a heatmap to validate wireless network. District wide project
 - a. Jamie Lee Lewsadder Director of IT
 - b. (818) 486-8963 JLewsadder@lcusd.net
- 2. Campbell Union School District Network upgrade District wide Cat 6 cabling 12 School sites.
 - a. Trevor Walker
 - b. (408) 364-4200 x7161 TWalker@campbellusd.org
- 3. <u>City of Inglewood</u> City Libraries & Park Wi-Fi: Cabling and certification in all city libraries, installation of Ruckus Access points, HP Switches and SonicWALL firewall devices. Heatmaps, and testing of the entire environment. Park wireless installation.
 - a. Chris Eckhard
 - b. (310) 412-5534 cleckhard@cityofinglewood.org
- 4. <u>Oak Park Unified School District</u> District wide replacement of access points with Ruckus equipment. Assistance in configuration. Project duration Compressed time table 2 weeks.
 - a. Enoch Kwok Director of Technology
 - b. (818) 735-3201 ekwok@opusd.org
- 5. <u>Magnolia Science Academy Public Schools</u> New school construction. IDF. MDF, cabling, fiber cabling, installed access points, projectors, security cameras, PA system.
 - a. Rasul Monoshev IT Director
 - b. (714) 892-5066 x102 rmonoshev@magnoliapublicschools.org
- 6. Sherman Indian High School Bureau of Indian Education Campus wide cabling throughout 10 buildings. Network certification, Design and installation of wireless access points throughout the campus, including wireless support for outdoor gather areas. Installation and configuration of HP switches. Wireless heatmap and validation. Project compressed time frame 2 weeks.
 - a. Terry Longenecker IT Coordinator or Lorna Hoffs
 - b. (951) 276-6325 Terry.Longenecker@BIE.EDU or Lorna.Hoffs@bie.edu
- 7. <u>Multicultural Learning Center</u>: Multiple Projects over multiple years cabling site wide, replacing aging equipment with new HP switches, Ruckus wireless controller, and Ruckus access points. Create VLANS, reconfigure network, implement high density campus wide wireless network, test, validate, and train. New building construction.
 - a. Saira Salazar-Martinez
 - b. (818) 716-5783 ext. 222 saira@mlccharter.org
- 8. The Archer School for Girls: Multiple projects over multiple years cabling school wide, replace aging Switches with new switches, wireless controller, and Access points. Create VLANS as required, implement high density campus wide wireless network, test, validate, train. Multiple Project starting from 2009
 - a. John Chen Director of Information Technology
 - b. (310) 873-7068 johnchen@archer.org
- MEND (Meet each need with Dignity): Multiple projects over many years since 2008. Cabling site wide, replace network switches in multiple locations, implement new firewalls in multiple locations, virtualization of servers, implemented new phone system.
 - a. Scott Mikels Chief Financial Officer
 - b. (818) 686-7353 scott@mendpoverty.org



Digital Synergy will implement a robust, easy to and secure network system.

We look forward to providing your organization excellent service to aid in the stability and growth of your school.

We appreciate the opportunity to bid on your project.

Ken Hagopian CEO Digital Synergy Consulting, Inc.





Quote 423

Joe Sweigart

PO Box 1980 Nipomo, Ca. 93444

513.404.9354

Joseph@calwestvisual.com

EFFECTIVE FROM: November 9, 2018

January 8, 2019

Customer Julian Lopez

jblopez@magnoliapublicschools.org

CA Small Business Cert# 21611

Magnolia Science Academy 1 18238 Sherman Way Reseda, CA. 91335

(818) 609-0507

SALESPERSON	JOB	SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE	DUE DATE
Joe Sweigart	Magnolia Viewsonic	Ground	Ground with liftgate	As scheduled	As scheduled

QTY	ITEM #	DESCRIPTION	UNIT PRICE	L	INE TOTAL
20.00	ifp6550	65" Viewsonic Viewboard	2,060.00	\$	41,200.00
20.00	Hovermount	Hovermount Flat Panel Mount, height adjustable	435.00	\$	8,700.00
20.00	Install	Scope to hang Hovermount display and selected	380.00	\$	7,600.00
		Viewsonic display at customer provided height,			
		will not exceed 7ft off ground			
1.00	PD	1 hour of Viewsonic training	Free	\$	-
			Tax 9.5%		4,740.50
			Shipping		550.00
					62,790.50



www.skytsi.com | 657.230.7020



Proposal for Magnolia Public Schools

Cabling services at MSA-1

prepared by Sky Technology Solutions, Inc.



Magnolia Public Schools ATTN: Rasul Monoshev 18238 Sherman Way Reseda, CA 91335

Re: Cabling Service at MSA-1

Dear Rasul Monoshev,

Sky Technology Solutions, Inc., as an IT service provider, is pleased to submit the following response to **Cabling Service at MSA-1** solicitation. In this proposal, you will find all the relevant information on our company, method of implementation and required checklist. We have read and summarized our understanding of your initiatives in our response to the school RFP.

Sky TSI is a turn-key IT professional service company. With over 20 years of combined experience in the IT field, we have proven to uniquely qualify to support the school scope of work. As a bonded and licensed (C-7 Low Voltage Systems and C-10 Electrical) by the California State Licensed Board, we proudly meet all the requirements and/or regulations to be recognized. Classified as Small Business (ID 2003868) company, all of us here at Sky TSI are energetic, creative, embrace technology and certainly want our work to have meaning and purpose. It would be delighted for an opportunity to serve the school cabling project.

10 years of implementation of various Data Center and structured wiring project
Sky TSI's business model focuses on Professionalism, Integrity and Expertise
Excellent Post Implementation Support program well after successful deployment

Excellent references from past and current deployment
Proven record in growth, IT Technical ability and company financial stability

Our team and I look forward to discussing our proposal with you in greater details, as you've had an opportunity to review all of the responses and to begin generating questions.

Thank you again for the opportunity to serve Magnolia Public Schools. We look forward to your positive feedback and a favorable review of our response.

Sincerely,

Nathan Huynh www.skytsi.com 657.230.7020 (O)



MATERIAL AND SUPPLIES



Our installation will comply with the Department safety requirements, prevailing wages (Davis-Bacon Act), TIA/EIA Standards & NEC Codes, Local and Building Code compliance and the manufacturer's warranty as required. A Project Manager will be assigned to this project until the completion signs off. Moreover, work will be completed on or before the Department require completion date.

MADE IN USA

We buy and deploy only US made product. Here at Sky Technology Solutions Inc. we believe in supporting America and its industry. Not a day goes by that we don't think of and look for ways to buy and deploy American-made product.

Thus far our Made in USA deployment line consists of products that range from Access Control Cable, CAT5E, CAT6 and CAT6A Ethernet Cable, Coaxial Cable, Security Alarm Cable Stranded and Server Racks & Enclosures just to name a few.

Buying and utilization of Made in USA product helps create and maintain jobs while building and sustaining a strong economy. Made in USA products are also a lighter burden on the environment with cost savings on natural resources.

Sky Technology Solutions Inc. support those men & women who proudly work hard every day to manufacture products that we fully 100% delighted to present to our customers need, with the quality we want.

By choosing to buy "Made in USA", we can keep Americans working!

Our turn-key solution deployment highlights

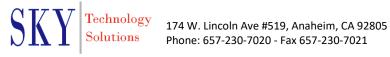
- ❖ Sky TSI and Berk-Tek/Leviton partnership to deliver network cable and equipment
- ❖ Price includes time and materials needed for a complete run from end-to-end
- ❖ Berk-Tek/Leviton to provide 25-year warranty on cable and equipment
- ❖ Sky TSI to provide 12 months of workmanship warranty from the date of acceptance
- ❖ Sky TSI installers are Certified by the partnership manufacturer
- ❖ Estimate timeline Sky TSI will work with the school on the starting date. We estimate this project would be complete in 5 business days.

Magnolia Public Schools Cabling Quote

Item #	MFTR	Part #	Description	Qty	Unit	Unit cost	Extended cost	Total amount
								aniount
			CABLING					
	Leviton	LEV61110-RL6	Cat 6 Drop Complete Installation	220	EA	\$50.00	\$11,000.00	\$11,000.00
1	ClearLink	CL2993	Cat 6 Patch Cable	220	EA	\$5.50	\$1,210.00	\$1,210.00
	Leviton	69270-U48	Cat 6 Mod Patch Panel - 48P	5	EA	\$54.87	\$274.35	\$274.35
	TrippLite	SRW18US	19U Wall mount enclosure MDF	1	EA	\$600.00	\$600.00	\$600.00
6, 7 and 8	TrippLite	SRU08U22MD	19U Open Rack	3	EA	\$150.00	\$450.00	\$450.00
	Sky TSI	Backboard	Backboard	3	EA	\$45.00	\$135.00	\$135.00
	Leviton	49991-LLC	Fiber Optic Connector	24	EA	\$10.00	\$240.00	\$240.00
	Berk-Tek	PDR012FB3010/F5	Fiber Optic Cable - OM4	200	FT	\$2.00	\$400.00	\$400.00
2 and 3	Leviton	5R1UM-S03	Fiber Optic Patch Panel - 1U	3	EA	\$350.00	\$1,050.00	\$1,050.00
	Leviton	5F100-2QC	Fiber Adapter	4	EA	\$85.00	\$340.00	\$340.00
	CommScope	FEXLCLC42-BX	Fiber Optic Patch Cable - 2M	8	EA	\$30.00	\$240.00	\$240.00
9	Sky TSI	72145	25' HDMI Cable	24	EA	\$35.00	\$840.00	\$840.00

Grand Total	\$40,772.33
Shipping	\$419.48
Tax	\$1,300.40
Total Material	\$16,779.35
Total Labor	\$22,273.10

- Confidential -Sky TSI



COMPANY INFORMATION



COMPANY INFORMATION

Name	Sky Technology Solutions, Inc.
Federal Tax ID	81-2256030
Dun & Bradstreet #	042850769
SPIN #	143049561
FCC FRN #	0025856980
Arizona Contractor License #	CR-67 Low Voltage Systems 316565
	CR-11 Electrical 317447
California Contractor License #	C-7 Low Voltage Systems 1021572
	C-10 Electrical 1021572
PWC Registration #	1000045150



EXECUTIVE SUMMARY: Sky TSI has been established as a turn-key IT E-Rate service provider in California. We provide complete end-to-end IT services, from initial assessment and design, to project management and implementation, and finally through post completion support. Sky TSI is a company committed to designing, implementing and supporting cost-effective technological solutions for your district. With over 20 years

of combined experience in the IT field, we have proven to uniquely qualify to implement enterprise network/system. Our core business as a service provider is based strictly on the accomplishment of the awarded E-Rate projects with K-12 public schools, public libraries, and the consortiums. We are intimately familiar with any rules or regulations essential to the E-Rate program. As a service provider, we are dedicated to ensuring your school receives the highest return on your technology investment.

BUSINESS SERVICES

IT Network/System Engineering
Telecommunication services

<u>Infrastructure design and deployment</u> <u>Structured Network Cabling</u>

Sky Technology Solutions, Inc. SLED division focuses on E-Rate project implementation. Our solutions have always been gear toward the student and the teacher: Stability and Speed. Our experience came from working with similar entities such as <school>, thus, understanding and accommodating the school needs are the reasons that set us apart from other service providers. For E-Rate and school objective, we realize cost is a major factor in winning or losing a project. Our Account Executives work tirelessly with all of the major IT manufacturers to compete for the lowest price possible.

COMPANY BACKGROUND: Formed by a group of **Millennials**, Sky Technology Solutions is an employee-owned company. Back in 2011 all of us used to work in a corporate environment where we either managed entire IT infrastructure, a facility and an entrepreneur. Having the education and deep experience in all phases of IT we decided to form Sky Technology Solutions Incorporated. All of us grew up in the technology age; thus we do know the <u>SKY</u> is the limit. Our proposals and designs are based on one thing in mind: **EXECUTION**. Because of our acceptance to change, we are constantly challenged to find new solutions to our client needs. Innovation together with team work, our clients extremely enjoy



 Technology
 174 W. Lincoln Ave #519, Anaheim, CA 92805

 Solutions
 Phone: 657-230-7020 - Fax 657-230-7021

the openness and fresh thinking of our approach. <u>Sky Technology Solutions Inc. is a young, well-educated, skilled in technology, energetic and innovative company.</u>

BUSINESS FINANCIAL STABILITY: Classified as a Small Business Enterprise, Sky Technology Solutions Inc. has numerous advantages over many large IT solutions corporation. Our business is so lean in overhead in that we are able to compete with national IT solutions providers as well as maintaining a consistent positive cash flow to our dedicated employee-owners. Year over year, Sky TSI has grown steadily by recruiting Project Managers, IT Engineers, and Structured Cabling Engineers. When awarded a contract, we are readily available to purchase all necessary tools, equipment and materials for the project and absorb any upfront cost prior to the project start date. Invoices are to generate after the completion of the project, via either BEAR or SPI method or at the discretion of the district. Sky TSI does not have any pending legal litigation, planned office closures, impending merger or bankruptcy. Confidential Income Statement and Balance Sheet are readily available upon request.

EXPERIENCE AND QUALIFICATION



Sky TSI owners are highly skilled, qualified and experienced professionals who can provide expert solutions and solve the most difficult IT problems. We do not have employees; we only have dedicated shared owners with exceptional IT skills. Professional who joins Sky TSI is to be considered part of the family and as a result, each individual brings a can-do attitude, enthusiasm and a wide range of technical expertise that will meet our client's needs.

To deliver the technology, we partnered with many of the IT enterprise-class manufacturers. To us, all of the school districts, regardless of size, are ENTERPRISE class

facility. When asking for recommendation on RFP with "No Reference" manufacturer, we always choose the most high-value cost effective solution. Even though non-enterprise manufactures, such as Netgear and D-Link, are functional, they are designed for consumer class of service.

PARTNERSHIP

Cisco Brocade Aruba Wireless APC Palo Alto Networks Cisco Meraki Ortronics Aerohive Wireless Primus Cable Tripp-Lite

Berk-Tek Leviton Ruckus Wireless HPE

Adtran Belden/Mohawk

By partnering with the above manufacturers, we gain invaluable training resources to continue to stay ahead of the latest technology and competitive edge over our competitors. Our core business is to provide smart technology solutions and obligated to our client's network/system infrastructure, therefore; we are constantly upgrading our skillset, follow industry trending and adhere to new regulations to meet our client's agreement.

Sky TSI complies with all the public works regulatory: prevailing wages, state bond, FCC green status, certified payroll, worker's compensation insurance, CMAS contract and others requirement for K-12 school districts and state/local agencies.



STRUCTURED CABLING EXECUTION PLAN



STRUCTURED CABLING EXECUTION PLAN

Almost 50% of our professional services come from the deployment of structured cabling. Our technicians are trained installer for Berk-Tek, Belden/Mohawk and Ortronics Superior Essex. Sky TSI team is authorized to performed the design, installation and maintenance, in accordance with recognized TIA/EIA, ANSI/UL, and ISO/IEC industry standard. In addition to being certified by the above companies, Sky TSI is also licensed by the State of California to perform Low Voltage System installation with a C-7 license.

SPECIALTIES

IT Infrastructure - EIA/TIA Standards-based Cabling Systems Copper and Fiber Premises Cabling Backbone and Outside Plant Cabling Horizontal cable plant design, Voice and Data · Bonding and Grounding · Construction of conduit EMT, Raceway and Pathway

SCOPE OF WORK

An on-site pre-survey visit to be performed with the service provider and a designated Customer representative. This is typically <school> IT Manager and/or Project Manager, etc. Sky TSI will notify <school> representative of any issues that may hinder survey activities. Sky TSI's PM and Customer representative to discuss and confirm:

Project schedule and set milestone
Physical access
Allowable working hour
Staging of structured cabling equipment
Gather and confirm actual location of the drops

This is where the rubber meets the road. Sky TSI engineer will carry on the actual deployment of the device or services. Each activity is described in further detail below.

Each step is to be recorded on the implementation record.

SKY TSI'S SITE SURVEY IN DETAIL

Site survey – Three steps process for every cabling project: 1. Gathering information 2. Performing the survey 3. Evaluating the findings. The information gathering phase includes obtaining a full and complete set of all documentation for the project including the project drawings and specifications. The site survey is an important opportunity to match the information on the blueprints with the real world, so it should be a thorough evaluation of the job site, not just a walk through

- 1. Project drawings and specification verify with the facility manager for accurate building drawing
- 2. Installation drawings Identification of Equipment room, Telecom Room, Telecom Pathways, Work Area Outlets
- 3. Major materials Cable type, Conduit, Sleeves, Slots, Support, type of wall construction and frame

STRUCTURED CABLING DESIGN

After the site survey and/or site walk, our technicians plan and design a cable plant management system that will allow businesses to cost effectively plan, install, and manage the complex cable and fiber infrastructure required by today's networks. At Sky TSI we understand the high cost of physical plant change and implementation, and the

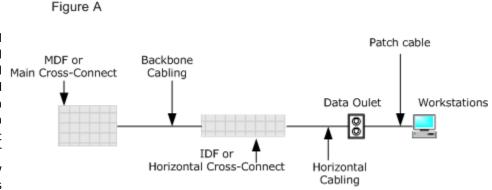


challenges of effectively maintaining that physical plant for an increasingly mobile work force. Employee moves,

additions, and drops can also be managed

through this solution.

Our structured engineer's broad experience in cable and Main Cross-Connect fiber plant design and implementation can assist businesses in deciding the best investment of scarce IT resources into new infrastructures. Designs are consistent



today's business needs, characteristics, and requirements. Along with the information transfer needs of organizations, the solution incorporates planning, required facility modifications, installation planning and implementation, start-up and check out, testing and certifications, and on-site support services.

Use Structured Cable Implementation to:

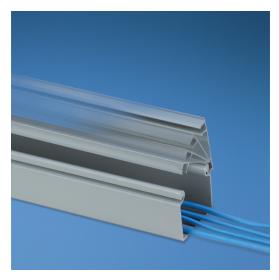
- Ensure manageability, operability, and infrastructure requirements are part of the planning, development, and deployment of the project plans
- Improve overall IT availability, performance, and quality-of-service levels by aligning development and deployment of new applications or equipment with operational requirements.

CABLE PLAN MANAGEMENT

Cable plant management is the design, documentation, and management of the lowest layer of the OSI network model-the physical layer. The physical layer is the foundation of any network whether it is data, voice, video or alarms, and defines the physical media upon which signals or data is transmitted through the network.

Approximately 70% of your network is composed of passive devices such as cables, cross-connect blocks and patch panels. Documenting these network components is critical to keeping a network finely tuned. The physical medium can be copper cable (e.g., cat 5), coaxial cable, optical fiber (e.g., single or multimode), wireless or satellite. The physical layer defines the specifics of implementing a particular transmission medium. It defines the type of cable, frequency, terminations, etc. The physical layer is relatively static. Most change in the network occurs at the higher levels in the OSI model.

Key components of the cable plant include the entrance facility, equipment room, backbone cable, backbone pathway, telecommunication room, and horizontal distribution system. We can show you how to develop an online inventory and management system that will let you take control of these critical infrastructure resources.



STANDARDS AND REGULATIONS



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Sky TSI adheres to the following regulations and standards on all structured cabling work:

- ✓ Federal Regulations
- ✓ NEC Chapter 8 Communication Systems and Article 250 Grounding
- ✓ NFPA 70 National Electric Code

State of California Regulations

- ✓ Occupation Safety and Health Act (OSHA)
- ✓ Title 24, Building Standards, State of California
- ✓ Title 19, California Code of Regulations
- ✓ Title 8, Electrical Safety, State of California DIR Standards
- ✓ ANSI C2-2001 National Electrical Safety Code
- ✓ ANSIC80.3 Specification for Zinc-Coated Electrical Metallic Tubing
- ✓ ANSI/UL 797 Electrical Metallic Tubing
- ✓ ANSI/CEA S-83-596-2001 Fiber Optic Premises Distribution Cable Technical Requirements

Industry Standards

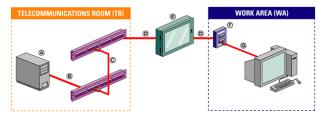
- ✓ TIA/EIA-568-C Commercial Building Telecommunications Cabling Standard
- ✓ TIA/EIA-568-C.1 General Requirements
- ✓ TIA/EIA-568-C.2 Balanced Twisted Pair Cabling Components Standard
- ✓ TIA/EIA-568-C.3 Optical Fiber Cabling Components Standard
- ✓ TIA/EIA-569-A Commercial Building Standard for Telecom Pathways and Spaces
- ✓ TIA/EIA-607 Commercial Building Grounding/Bonding
- ✓ National Electrical Manufactures Association (NEMA)
- ✓ ISO/IEC ISO 11801 Generic Cabling for Customer Premises
- ✓ Building Industry Consulting Services International (BICSI) Telecommunications

MATERIAL TO BE USED

Sky TSI structured cabling products to be used are all certified by the manufacturer. We proudly only use network cables and jacks that are manufactured in the USA. Our main suppliers are Belden/Mohawk and Berk-Tek/Leviton. A summary of the equipment, in general, is listed below:

- ✓ Work area shall consist of Patch cord, Modular Inserts and Jacks, Faceplates
- ✓ Patch cord
 - o All category 6e channel patch cords shall be constructed with a snagless boot, made of molded PVC.
 - All category 6e channel patch cords shall be constructed with category 6e patch cable 24 AWG, 7/32 tinned copper stranded patch cable, insulated with polyolefin and paired, jacketed with PVC, ETL verified for ISO 11801, (UL) NEC type CMR, 75 C, Article 800 CSA Type CMG.
 - Category 6e channel patch cords shall be 100% factory tested to pass return loss (RL) and near-end cross talk (NEXT).
 - o All category 6e channel patch cords shall be manufactured using a T568-B plug wiring format.

HORIZONAL DISTRIBUTION CABLING



The horizontal distribution cabling system is the portion of the telco cabling system that extends from the Work Area (WA) telcos outlet/connector to the Horizontal Cross Connect (HC) in the telco room (TR). When designing the horizontal distribution system, our team acknowledge the typical wire limitation. During the site visit, we must consider cable type, length, color reference and

recommend the placement of the IDF if there's one. Most school administrators do not understand the network signals from the telecommunication room to the work areas and the limitation. Part of the consultation is for us to



educate our customer above and beyond the plug'n'play. The horizontal distribution system for a typical school consists of:

- ✓ Cabling Support System J-hooks
 - Support all horizontal cabling every 48 inches
 - Cable supports shall have flared edges to prevent damage while installing cables
 - Cable supports shall provide a bearing surface of sufficient width to comply with required bend radii of high-performance cables: cULus Listed.
 - Fastener to be installed with one continuous cable support, factory or job site assembled.
- ✓ Copper Station Cable Category 6 Copper Unshielded Twisted Pair (UTP) Cable
 - U.S. made by Belden/Mohawk and Berk-Tek/Leviton
 - The cable shall consist of four unshielded twisted pairs of thermoplastic insulated bare copper enclosed in a thermoplastic jacket
 - Cable shall be proven to support Gigabit Ethernet / 1000BASE-T / IEEE 802.3ab, ATM up to 155 Mbps, IEEE 802.3af Power Over Ethernet for VoIP
 - o Cable shall have been certified with the UL 1666 Vertical Tray Flame Test.
 - Cable shall be available in a Plenum, Riser and Indoor/Outdoor rated jackets.

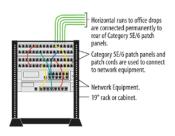
BACKBONE CABLING

The backbone cabling system is the portion of the telecommunications cabling system that extends from the Main Cross Connect (MC) to each Horizontal Cross Connect (HC). Our structured engineers are trained on two types of connection: Fiber and Copper.

- ✓ Fiber Optic Backbone Cabling
 - Cable shall be UL/cUL OFNR/OFN FTA rated and be flame resistant in accordance with the UL 1666.
 - o Cable shall be an outside plant (OSP) rated jacket
 - Cable will be fully water blocked combining overall water blocking tape and a moisture blocking gel for each individual tube.
 - o Fiber Cable Crush Resistance (EIA-455-41) = 2000 N/cm
 - o Fiber Cable Impact Resistance (EIA-455-25) = 2000 Impacts w/1.6 N-m
 - \circ Cable shall be constructed of $9\mu/125$ multi-mode capable of:
 - o 1 Gigabit Ethernet Link at 1000m/600m (@850nm/1310nm)
 - o 10 Gigabit Ethernet Link at 300m/300m (@850nm/1310nm)
- ✓ Copper Backbone Cabling

Please above "Horizontal Distribution Cabling" Copper Station Cable

TELECOMMUNICATION ROOM



The Telecommunications Room (TR) includes those products that terminate horizontal and backbone cabling sub-systems and connect them to the network equipment. This is where our engineer shines. Our goal is to dress the telco room as neat and organize as much as we possibly can. Majority of the time the IT staff work closely with the equipment; we want them to easily identify any newly cable Sky TSI installed. The equipment we install includes:

- Copper Patch cords
- o Connect patch panel to network switch
- o All patch cords will be three (3) feet in length
- Manufacture: Belden/Mohawk or Berk-Tek
- Color: Data = Blue, Voice = Red (upon approval of district)



- Fiber Optic Patch Cords
 - Connect fiber optic patch panel to network switch SFP+
 - o Patch cords shall be Duplex LC to LC Single Mode fiber patch cords
 - o All patch cords shall be factory polished and 100% optically tested for superior performance
 - Cables shall have a mated pair MM insertion loss of less than 0.60 dB (0.25 dB typical)
 - All optical, mechanical and environmental performance shall meet and/or exceed the TIA/EIA 568-C.3 specifications.
 - o Fiber patch cords will be one (1) meter long
- Horizontal Cabling Termination Equipment Cat 6 Patch Panels
 - o Panels shall be made of black anodized aluminum in 24 and 48 port configurations.
 - Panels shall have optional rear cable support bar for strain relief. Cable support bar shall attach to the rear of the patch panel itself without the use of additional fasteners or screws.
 - o Panels shall have self-adhesive, clear label holders and white designation labels provided with the panel for each row of 24 ports.
 - o Panels shall be ANSI/TIA/EIA-568-C.1 and ISO/IEC 11801 category 6/6A compliant.
 - o Panels shall be UL Listed 1863 and CSA certified
 - o Panels shall be made by and ISO 9002 certified manufacturer.
 - o Manufacture: Belden/Mohawk or Berk-Tek
 - Fiber Termination Panels:
 - Panels shall be one (1), two (2) or four (4) rack spaces, accepting up to twelve (12) adapter panels
 - Adapter panels shall be available with LC single-mode adapters. Adapter shall have a zirconia alignment sleeve.
 - Panels shall be constructed of cold rolled 16 ga. steel with a black powder paint finishes and provide for fully enclosed fiber patching and termination.
 - Panels shall have a removable smoked Plexiglas front cover with optional lock kit.
- Enclosed Wall Mount Cabinet Sky TSI standard deployment
 - The cabinet shall have a swing-out cabinet body allowing for easy access to the rear of installed equipment
 - o Certifications: EIA-310-D, UL Listed, NWIN with UL60950
 - o Vertical Cable Management: Cabling lacing points on the side of equipment mounting rails
 - The cabinet shall be wall mountable, enclosed on all sides, with a lockable front door and swingout rear access to equipment.

INSTALLATION

Upon verified approval equipment, confirmed scope of work with the district, start and completion date, measurement and final approval from the district, our team is ready to install. From Sky TSI standard of deployment, each area has a specific guideline.

- ✓ Work Area Outlets Installation
 - No more than 12" of cable shall be stored in an outlet box, modular furniture raceway, or insulated walls
 - Bend radius of the cable in the termination area shall not be less than 4 times the outside diameter of the cable
 - All UTP cables shall have no more than 12.7mm (½ inch) of pair untwisted at the termination point.
 - Data jacks, unless otherwise noted in drawings, shall be located in the top position(s) of each faceplate. Data jacks in horizontally oriented faceplates shall occupy the left-most position(s).



- Voice jacks, unless otherwise noted in drawings, shall occupy the next position(s) below the data on the faceplate. Voice jacks in horizontally oriented faceplates shall occupy the position left of the data jack.
- All faceplates installed shall be level.
- All outlets will be labeled according to the approved labeling scheme.
- Each faceplate shall be machine labeled. The labeling shall be placed on the faceplate so that the individual jack can be clearly identified by its associated label.
- Sky TSI will verify the label type and scheme before installation.

✓ Horizontal Distribution Cable Installation

- Cable shall be installed in accordance with manufacturer's recommendations
- o Cable raceways shall not be filled greater than the TIA/EIA-56A9-A maximum fill
- o Cables shall be installed in continuous lengths from origin to destination
- Pulling tension on 4-pair UTP cables shall not exceed 25-lb for a four-pair UTP cable
- o J-hooks shall be installed to support all station cables every 4ft to 5ft.
- All pathways shall be run at right angles Horizontal cables shall be bundled in groups of no more than 25 cables per Caddy's CAT21 J-hook and no more than 40 cables per Caddy's CAT32 J-hook
- o At no point shall cable(s) rest on acoustic ceiling grids, acoustic panels, or lighting fixtures
- Sky TSI is responsible for sealing around all cables that penetrate fire rated barriers

✓ Horizontal Cross-Connect Installation

- o All UTP cables shall have no more than 12.7mm (½ inch) of pair untwist at the termination point
- Each cable shall be clearly labeled on the cable jacket behind the patch panel
- Bend radius of the cable in the termination area shall not exceed 4 times the outside diameter of the cable

✓ Cabinets, Racks, Enclosures Installation

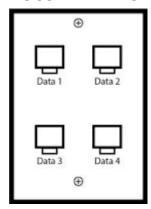
- Wall Mount Racks/Cabinets shall be securely attached to the Telco Backboard using minimum 5/16" hardware
- o All Cabinets shall be braced to meet Zone 4 seismic requirements
- All racks shall be grounded to the telecommunications ground bus bar

TESTING & ACCEPTANCE

Our structured engineers shall begin testing upon all cables have been terminated. All cables and termination hardware shall be 100% tested for defects in installation and to verify cabling system performance under installed conditions according to the requirements of ANSI/TIA/EIA-568-A Addendum 5, TSB-67 and TSB-95. All pairs of each installed cable shall be verified prior to system acceptance. Any defect in the cabling system installation including but not limited to cable, connectors, feed through couplers, patch panels, and connector blocks shall be repaired or replaced in order to ensure 100% useable conductors in all cables installed. All cables shall be tested in accordance with this document, the ANSI/TIA/EIA standards, the Manufacturer's Warranty guidelines and best industry practice. If any of these are in conflict, Sky TSI shall bring any discrepancies to the attention of the project team for clarification and resolution.



DOCUMENTATION CABLE PLAN



Your network is one of your school's most valuable assets. It's the central nervous system of the school—and it's growing along with your network management problems. Your challenge is to harness the power of exploding technology and make it work for you. Every minute spent tracking data, reconfiguring your cable plant or searching for the source of a problem means loss of time and productivity—and loss of educational value to the students. That's why Sky TSI will document all of your cable/jacks so that the administrator can easily identify corresponding ports in the classroom with the IDF patch panel. Cable plant documentation helps maintain the integrity of the network by tracking the continuity through equipment, patch cords, cross-connects, connectors, cables, and outlets. It encompasses the design and maintenance of the cable plant. Cable plant documentation can be an ally against the ravages of system downtime, giving you the power to configure your cable plant so you have fewer network problems.

INSURANCE & BOND



Before the commencement of the awarded project, Sky TSI shall maintain in a company lawfully authorized to do business in California. As a C-7 license holder in the state of California, we are required to maintain Comprehensive General Liability Insurance at a minimum of \$1,000,000 each occurrence and property damage at \$200,000 each occurrence. Additionally, Sky TSI will also provide

worker's compensation insurance for all of our structured engineer engaged in the project under this contract. Currently, our policy is set at \$1,000,000 per accident, which can be increased if required.

When the project is awarded to Sky TSI, we shall apply for and furnish separate payment and performance bonds for the entire project. The bond will cover 100% faithful performance of and payment of all obligations arising under the contract. We see this as an assurance and commitment from us to the district. All bonds will be provided by a corporate surety authorized and admitted to transact business in California.

CLOSE-OUT DOCUMENTATION

Sky TSI shall provide the district a comprehensive list of items that have been tested within the acceptable range. We request the district to inspect and determine whether the work is completed. After the inspection, the district should disclose any items that deemed to be incomplete in accordance with the requirements. We will make all necessary procedures to correct the issues. Upon successful inspection by the district and Notice of Completion is submitted, workmanship warranty shall commence on the date of completion. Sky TSI shall provide two (2) full documentation sets to the district's representative for approval. One (1) to be a hard copy and one (1) to be an electronic copy. Documentation shall include the items detailed in the sub-section below.

- ✓ Printouts generated for each cable by the wire test instrument shall be submitted as part of the documentation package
- ✓ Drawing of conduit routes, utility vault/pull box locations, surface mount enclosure locations, PVC to GRC transition points and the approved labeling identifiers.



CUSTOMER ACKNOWLEDGEMENT & VENDOR WARRANTY STATEMENT

The Customer, by signing below, indicates that the Structured Cabling Execution Plan & Scope of Work has been read and the terms outlined within have been accepted. This Execution Plan is part of Sky Technology Solutions, Inc. Product and Services Agreement. Pricing for the installation of the products for this Execution Plan is provided in COST PROPOSAL. The Customer also is aware that any delays incurred because of any of the reasons listed in the Customer responsibilities section are considered billable time. Any questions concerning Sky TSI responsibilities and the work to be done should be directed to the Sky TSI representative.

Sky Technology Solutions, Inc. guarantee that the construction work described above has been performed in accordance with, and complies with, the Scope of Work. We agree to repair or replace any or all of the work, together with any other adjacent work which may be required in connection with it, that may prove to be defective in workmanship or material within a period of 12 months from the date of acceptance of the project by Customer and the filing of the final verified report with the School/District, ordinary wear and tear excepted.

In the event of our failure to comply with these conditions within the applicable time frame as determined by Customer pursuant to the Scope of Work, in no event later than fifteen (15) business days after being notified in writing by Customer, we authorize Customer to proceed to have the defects repaired at our expense, for which we will pay the costs and charges upon demand.

Payment Term:

Non-discount portion is due upon execution of this agreement Sky TSI to submit "SPI – FCC Form 474" to USAC for the discount portion

Date:		Signature :						
Company:		Print Name & Title:						
Date:	1/1/2018	Signature:						
Service Provider	Sky Technology Solutions	Print Name & Title:						

REFERENCES

Entities	Address	Contact	Email	Phone	Description	Cost	Date
Department of Homeland Security - FEMA	1111 Broadway, Oakland, CA 94607	Maurice Moore	maurice.moore@fema.dhs.gov	510-627-7072	Removed old cable and installed a total of 300+ new CAT 6 and fiber pull	\$75,000.00	Oct. 2018
SnowLine Joint Unified School	4075 Neilson Rd, Phelan, CA 92371	Rick Hernandez	rick_hernandez@snowlineschools.com	760-868-5817	E-Rate Total of 3 campuses Removal of old data cable Install 1200+ network drops All drops were certified Involved total of 40+ MDF/IDFs	\$252,000.00	July 2018
Advanced Medical Builder	885 N Shepard St. Anaheim, CA 92806	Samson Hu	samsonhu@ambcorp.net	714-634-4430 x202	MDF/IDF build out. Low voltage subcontractor for all copper and fiber installation	Telecom subcontractor for AMB	Jun. 2017
Whittier Union School District	9401 S. Painter Ave Whitter, CA 90605	I Karen Yeh I karen veh@wuhsd.org		562-698-8121	E-Rate project Total cable run - 555 Involve 6 district campuses Install 555 AP in classroom	\$140,000.00	July 2018
Hansen & Adkins Auto Transport	3552 Green Ave, Los Alamitos, CA 92720	Mark Friedman	mfriedman@hansenadkins.com	562-742-2030	Completely rewired entire corporate office with Cat 6 Plenum and OM3 Fiber	\$189,000.00	Jan. 2017
Housing & Community Development	2020 W. El Camino Avenue, Suite 330, Sacramento, CA 95833	Stephanie Leibforth	stephanie.leibforth@hcd.ca.gov	916-263-6875	Fixed network drops and reterminated work area cubicles	NDA	Jun. 2018
Chores LLC	18455 E. 7th Phoenix, AZ 85023	Ryan T.	ryan@choresllc.com	714-317-3204	Rewired entire distribution center 200 Cat 6A drops and installed 23 switches. Rebuilt 12 IDFs with enclosed cab. Ran fiber uplink to MDF location.	\$320,000.00	Sept. 2016
LA Fitness International	2600 Michelson Drive Irvine, CA 92612	Pak Yoh	paky@fitnessintl.com	951-703-8945	MDF/IDF build out. Install Cat 6 wiring and deployed new switches	\$75,000.00	Dec. 2016
Fullerton College	321 E. Chapman Ave, Fullerton, CA 92832	Long Tran	<u>ltran@fullcoll.edu</u>	812-270-3811	MDF/IDF cabinets and patch panel upgrade. Cat 6 drops added around entire campus	\$50,000.00	Mar. 2017



LEGAL DOCUMENT



CONTRACTORS STATE LICENSE BOARD

Pursuant to Chapter 9 of Division 3 of the Business and Professions Code and the Rules and Regulations of the Contractors State License Board, the Registrar of Contractors does hereby issue this license to:

SKY TECHNOLOGY SOLUTIONS INC

License Number 1021572

to engage in the business or act in the capacity of a contractor in the following classifications:

C-7 - LOW VOLTAGE SYSTEMS C10 - ELECTRICAL

Witness my hand and seal this day,

August 24, 2018

Issued December 7, 2016

This license is the property of the Registrar of Contractors, is not transferable, and shall be returned to the Registrar upon demand when suspended, revoked, or invalidated for any reason. It becomes void if not renewed.

Marlo Richardson, Board Chair

My my

David R. Fogt, Registrar of Contractors

OSP 17 143868

AUDIT NO: 657235

13L-24 (REV. 10/17)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 08/20/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

	certificate holder in lieu of such endorsement(s).										
_	DUCER				CONTACT NAME:						
Hiscox Inc. d/b/a/ Hiscox Insurance Agency in CA					PHONE (A/C, No, Ext): (888) 202-3007 FAX (A/C, No):						
520 Madison Avenue					E-MAIL ADDRESS: contact@hiscox.com						
32nd Floor							URER(S) AFFOR	DING COVERAGE		NAIC #	
New York, NY 10022						RA: Hiscox I	Insurance Co	mpany Inc		10200	
INSU	RED				INSURER B:						
	Sky Technology Solutions In	c.			INSURE	RC:					
	11102 Rainier Ct.				INSURE						
					INSURE						
	Garden Grove			CA 92841	INSURE	RF:					
CO	VERAGES CER	TIFIC	CATE	NUMBER:				REVISION NUMBER:			
IN Cl	THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.										
INSR LTR	TYPE OF INSURANCE	ADDL	SUBR WVD	POLICY NUMBER		POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	S		
	COMMERCIAL GENERAL LIABILITY							EACH OCCURRENCE	\$ 1,00	00,000	
	CLAIMS-MADE X OCCUR							DAMAGE TO RENTED	\$ 100	0,000	
								(20 000000000)	\$ 5,00	00	
Α				UDC-1829290-CGL-18		10/04/2018	10/04/2019	` ' ' '	\$ 1,00	00,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:							GENERAL AGGREGATE	\$ 2,00	00,000	
	PRO- JECT LOC							PRODUCTS - COMP/OP AGG \$ S/T		Gen. Agg.	
	OTHER:								\$		
	AUTOMOBILE LIABILITY							COMBINED SINGLE LIMIT (Ea accident)	\$		
	ANY AUTO							BODILY INJURY (Per person)	\$		
	ALL OWNED SCHEDULED AUTOS							` '	\$		
	HIRED AUTOS NON-OWNED AUTOS							PROPERTY DAMAGE (Per accident)	\$		
									\$		
	UMBRELLA LIAB OCCUR							EACH OCCURRENCE	\$		
	EXCESS LIAB CLAIMS-MADE							AGGREGATE	\$		
	DED RETENTION \$								\$		
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY							PER OTH- STATUTE ER			
	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	N/A						E.L. EACH ACCIDENT	\$		
	(Mandatory in NH)							E.L. DISEASE - EA EMPLOYEE	\$		
	If yes, describe under DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$		
DES	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LES (A	CORD	101, Additional Remarks Schedu	le, may b	e attached if more	e space is require	ed)			
CE	RTIFICATE HOLDER				CANO	ELLATION					
					SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.						
					AUTHORIZED REPRESENTATIVE						

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 2/25/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject

to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).											
PROD				CONTACT GEICO							
One GEICO Boulevard PHONE				PHONE 1-866-500	HONE 1-866-500-04/1/4 FAX						
Fredericksburg, VA 22412							(A/C, No):				
				Address: R1COMMEND@GEICO.COM							
					INSURER(S) AFF	ORDING COVER	AGE	NAIC #			
				INSURER A: GOVERNMEN	NT EMPLOYEES	INSURANCE COM	MPANY	22063			
INSUF	RED TECHNOLOGY SOLUTIONS, INC.			INSURER B:	VSURER B:						
174	W LINCOLN AVE 509			INSURER C:							
ANAH	EIM CA 92805-2901			INSURER D:	INSURER D:						
				INSURER E:							
				INSURER F:	SURER F:						
COVE	ERAGES CERTIF	ICATE	NUN	IBER:		RE\	VISION NUMBER:				
INE CE	IS IS TO CERTIFY THAT THE POLICIES OF DICATED. NOTWITHSTANDING ANY REQUI RTIFICATE MAY BE ISSUED OR MAY PERT CLUSIONS AND CONDITIONS OF SUCH PO	REMENTAIN, TH	NT, TE HE INS 3. LIMI	ERM OR CONDITION OF AN SURANCE AFFORDED BY T TS SHOWN MAY HAVE BEE	IY CONTRACT OR C THE POLICIES DESC	OTHER DOCUMENT RIBED HEREIN IS S	FWITH RESPECT TO WHICH T	THIS			
LTR	TYPE OF INSURANCE	INSRD		POLICY NUMBER	(MM/DD/YY)	(MM/DD/YY)	LIMITS				
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	\$			
	CLAIMS-MADE OCCUR						DAMAGE TO RENTED PREMISES (Ea occurence)	\$			
	 						MED. EXP (Any one person)	\$			
							PERSONAL & ADV. INJURY	\$			
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	\$			
	POLICY PROJECT LOC						PRODUCTS - COMP/ OP AGG.	\$			
	OTHER							\$			
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000			
А	X ANY AUTO			9100152938 00	2/29/2016	2/29/2019	BODILY INJURY (Per person)	\$			
	ALL OWNED SCHEDULED						BODILY INJURY	\$			
	AUTOS AUTOS NON-OWNED						(Per accident) PROPERTY DAMAGE	_			
	HIRED AUTOS AUTOS						(Per accident)	\$			
								\$			
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	\$			
	EXCESS LIAB CLAIMS-MADE				1		AGGREGATE	\$			
	DED RETENTION \$							\$			
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY Y / N						PER OTH- STATUTE ER				
	ANY PROPRIETOR/PARTNER/EXECUTIVE	N / A					E.L. EACH ACCIDENT	\$			
	OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. DISEASE-EACH EMPLOYEE	\$			
	If yes, describe under						E.L. DISEASE-POLICY LIMIT	\$			
_	DESCRIPTION OF OPERATIONS below				-		E.E. BIOBIOL FOLIOT LIMIT] •			
		F0 :::		ODD 404 ALIW: 17 17	<u> </u>						
DESCF require	RIPTION OF OPERATIONS / LOCATIONS / VEHICLED)	ES (Atta	ich AC	יטאט 101, Additional Remarks S	scnedule, may be attac	ned it more space is					
CERT	TFICATE HOLDER				CANCELLATION						
SKY	TECHNOLOGY SOLUTIONS,	INC.			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE						
174	W LINCOLN AVE APT 509				WITH THE POLICY		IOTIOL WILL DE DELIVERED II	IN ACCONDANCE			

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ANAHEIM, CA 92805-2901

AUTHORIZED REPRESENTATIVE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on

this certificate does not confer rights to the cert	nicate noider in lieu of si		
PRODUCER		CONTACT NAME:	
		PHONE (A/C, No, Ext): (844) 367-1546 FAX (A/C, No): (866) 8	328-2424
COVERHOUND INS SOLUTIONS		E-MAIL ADDRESS: Certificate@Hanover.com	
5655 LINDERO CANYON RD 420		INSURER(S) AFFORDING COVERAGE	NAIC#
WESTLAKE VILLAGE	CA 91362	INSURER A: Citizens Ins Co of America	31534
INSURED		INSURER B:	
		INSURER C:	
SKY TECHNOLOGY SOLUTIONS INC		INSURER D :	
174 W LINCOLN AVENUE STE 519		INSURER E :	
ANAHEIM	CA 92805	INSURER F:	
COVERAGES CERTIFICATE	NUMBER:	REVISION NUMBER:	

ı					INSURE	HA:				
INSU	JRED				INSURE	RB:				
					INSURER C:					
SKY TECHNOLOGY SOLUTIONS INC						INSURER D:				
	174 W LINCOLN AVENUE STE				INSURER E :					
	ANAHEIM			CA 92805	INSURER F:					
\Box	VERAGES CER	TIFI	CATE	E NUMBER:	INSORE	nr.		REVISION NUMBER:		
					VF RFF	N ISSUED TO			IF POL	ICY PERIOD
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INSR LTR	TYPE OF INSURANCE	ADDL	SUBR	POLICY NUMBER		POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	 S	
LIN	COMMERCIAL GENERAL LIABILITY	INSD	WVD	T OLIOT NOMBLIT		(WIW/DD/TTTT)	(WIW/DD/TTTT)	EACH OCCURRENCE	\$	
	CLAIMS MADE COOLID							DAMAGE TO RENTED		
	CLAIMS-MADE OCCUR							PREMISES (Ea occurrence)	\$	
								MED EXP (Any one person)	\$	
								PERSONAL & ADV INJURY	\$	
	GEN'L AGGREGATE LIMIT APPLIES PER:							GENERAL AGGREGATE	\$	
	POLICY PRO- JECT LOC							PRODUCTS - COMP/OP AGG	\$	
	OTHER:								\$	
	AUTOMOBILE LIABILITY							COMBINED SINGLE LIMIT (Ea accident)	\$	
	ANY AUTO							BODILY INJURY (Per person)	\$	
	OWNED SCHEDULED AUTOS ONLY							BODILY INJURY (Per accident)	\$	
	HIRED NON-OWNED AUTOS ONLY							PROPERTY DAMAGE (Per accident)	\$	
	AUTOS ONET							(i ci accident)	\$	
	UMBRELLA LIAB OCCUR							EACH OCCURRENCE	\$	
	EXCESS LIAB CLAIMS-MADE							AGGREGATE	\$	
								AGGINEGATE	•	
	DED RETENTION \$ WORKERS COMPENSATION							✓ PER OTH-	\$	
	AND EMPLOYERS' LIABILITY Y/N									0.000
Α	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBEREXCLUDED?	N/A	N	WBF D712323 00		10/16/2018	10/16/2019	E.L. EACH ACCIDENT	\$ 1,00	
	(Mandatory in NH) If yes, describe under								Ψ .	0,000
	DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$ 1,00	0,000
DES	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LES (ACORE) 101, Additional Remarks Schedul	le, may b	e attached if mor	e space is requir	ed)		
<u> </u>										
CE	RTIFICATE HOLDER				CANC	CELLATION				
				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.						
	CALIFORNIA STATE LICENSE I	BOAR	iD,		AUTHORIZED REPRESENTATIVE					
	9821 BUSINESS PARK DRIVE					ÁMIRO SAI	HOL			
	SACRAMENTO			CA 95827						

SACRAMENTO CA 95827



Technology Solutions 174 W. Lincoln Ave #519, Anaheim, CA 92805 Phone: 657-230-7020 - Fax 657-230-7021

CREDENTIALS



December 18, 2017

To Whom it May Concern:

This letter is to confirm Sky Technology Solutions Inc., located at 174 W. Lincoln Ave, Anaheim, California, is authorized to install, maintain and certify Berk-Tek products.

As a certified integrator in the OASIS program, Sky Technology Solutions Inc., is authorized to provide a Berk-Tek Leviton Limited Lifetime Warranty covering Berk-Tek cable and Leviton connectivity on projects they install.

If you have any questions or need additional information about the OASIS program, please contact me at kelly.urbanik@nexans.com or by phone at 717-355-7686.

Sincerely,

Kelly Urbanik

Contractor Programs Manager

Kelly M. Urbanik

Berk-Tek LLC



132 White Oak Road, New Holland, PA 17557 USA Tel.: 717-354-6200 Fax: 717-354-7944



CERTIFIED INTEGRATOR

Sky Technology Solutions Inc.

174 W. Lincoln Ave, 509, Anaheim, CA, 92805

is authorized to register and install Structured Cabling Systems under the terms and conditions of Berk-Tek's Open Architecture Systems Interconnection Solutions (OASIS) Program.

CERTIFICATE VALID: 1/1/2018 through 12/31/2018 CERTIFICATION NUMBER: CA201700970O



Kelly M. Urbanik

Kelly M. Urbanik
CONTRACTOR PROGRAMS MANAGER



Ortronics

Certificate of Accomplishment

Awarded to

Nathan Q Huynh

in recognition of satisfactory completion of the

CI Tier Technician Certification Training

October 16, 2018

for

Sky Technology Solutions Inc



Approved by: Liputhia & Mortsteam
Cindy Montstream, Director of Training & Contractor Program

Event ID: OV-LEGR-CT-0817-2

BICSI CECs Awarded:

RCDD: 5 RITP: 5 ESS: 0 NTS: 0 OSP: 0 WD: 0 ITS Installer 2, Copper/Optical Fiber: 5

ITS Technician: 5 Certified Trainer: 5



Nathan Huynh

Has successfully completed the training and examination requirements under the Fluke Networks CCTT Program and is hereby recognized as a

Versiv Copper Certified Cabling Test Technician

For Copper Certification with the DSX Series CableAnalyzer

Mike Pennacchi

Network Protocol Specialists, Authorized CCTT Fluke Training Organization



504 of 757

Date 5/8/2018 Control # C0518023US BICSI CEC Credits 7 BICSI Event ID: OV-FLUKE-WA-0418-1

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"TECHNOLOGY" IS OUR MIDDLE NAME



11/7/18

WE HAVE PREPARED A **PROPOSAL FOR:**

MAGNOLIA SCIENCE ACADEMY-1 CABLING SERVICES

Rasul Monoshev, MPS
IT Director
Magnolia Public Schools 250
East First St, STE1500,
Los Angeles, CA 90012



REQUESTS FOR PROPOSALS

PROPOSAL DEADLINE DATE
5:00 PM PST, Friday, 11/09/2018 and
may be delivered as follows:

Email it@magnoliapublicschools.org









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WHY CHOOSE XTS?

X-act Technology Solutions, Inc.(XTS) has become a leading provider of Voice/Data Cabling in California, and concentrating on local cities and businesses has allowed us to be more personal and accessible to our clients. With our Main office in Los Angeles and additional offices in Encino and Fresno, CA we are capable of providing dedicated attention to Our clients through our close proximity and exceptional staff. We value and support the communities we serve and believe this is evident in our dealings and work relationships we have with Governmental Agencies and Private Corporations. We invite you to contact our references as we feel these are an ultimate measure of our service. X-act Technology Solutions, Inc.(XTS) provides a multitude of Information Technology Services such as:

Network Services Voice/Data Cabling Backbone Fiber I.T. Staffing Outsourced Help Desk VoIP Phone Systems 24 x 7 IT Support Security Cameras Wide Area Wi-Fi

X-act Technology Solutions, Inc. (XTS), is a provider of Pure IP Voice, IP Telephony, IT Networking, Desktop Computer, Security, Cabling, and Wireless data solutions. We hold a C-10 license for electrical as well as a spin number for E-rate funding. For over a decade **XTS** has served the small-to-medium-size and Enterprise businesses network communications needs, along with educational institutions and government entities in California. We are a proud re-seller of ShoreTel Voip Telephony Systems, HP and Microsoft certified. Our engineering team designs technology-based business solutions that save money, improve revenue and bring additional value to your bottom line. We insure that all our technicians are up-to-date on all the latest technology and are certified in a variety of hardware & software applications, this means that you and your staff are always working with a qualified professional.

Corp Office: X-act Technology Solutions, Inc 1920 Hillhurst Ave # 1134 Los Angeles, CA 90027 Ed Coleman – Encino Office 818 465-6765P 818 922-8520F Ed@xactts.com

CA corporation formed in 2007 Contractors License Number 726924 C-10

EIN Number 27-1434731 SPIN Number 143037537 DIR Number 10000008257

3 offices in California 15 Cable Technicians









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WEB

'TECHNOLOGY" IS OUR MIDDLE NAME



REFERENCES GOVT.

CITY OF HAWAIIAN GARDENS - HAWAIIAN GARDENS, CA \$1,500,000 / Year **CAT6A Data Cabling, Voip Phones, Cameras**

Customer Established: November 2017 – Current

We installed over 800 CAT6 cable drops and Patch Panels, WIFI, and a ShoreTel Voip phone system

for over 100 users. Installed over 800 HD Cameras w/cat 6A cable

Information Technology Manager: Sergio Cueva (562) 884-0421, sergio@hacity.org

CITY OF WEST COVINA - WEST COVINA, CA \$380,000 / Year CAT6A Data Cabling, Fiber, Cameras, Fiber, WIFI **Customer Established: June 2017 – Current**

XTS installed city-wide Cabling/Fiber/Wifi/Cameras for various sites including: City Hall, PD. Sr Center and 5 fire stations. We have installed over 100 AP's 300 cameras and over 900 CAT6a cable drops, data racks and patch panels. Installed over 7,000' of sm and mm fibe05Public Works Supervisor: Miquel Hernandez (626) 939-8731, miguel.hernandez@westcovina.org

CASTIAC LAKE WATER AGENCY (CLWA) SANTA CLARITA, CA \$950,000 / Year **IT Support Contract, Camera System**

Customer Established: November 2017 - Current

XTS has a 5 yr support contract with CLWA to perform 24/7 system support. We do on-site and remote Support. Installed 100 Cameras, Fiber, and Cat 6 cable.

IT Tech: Jeff Herbert (661) 297-1600, iherbert@clwa.org

CITY OF SIMI VALLEY - SIMI VALLEY, CA \$260,000 / Year CAT6 Data Cabling, Fiber, Data Racks Customer Established: Dec 2016 - Current

The City of Simi Valley chose X-act Technology Solutions to provide over 980 CAT6 voice/data drops at City Hall,

The Police Dept. Library, Sanitation dept. Etc. We also installed Fiber, Patch Panels, and Data Racks

Principal IS Analyst: Barbara Wisly (805) 421-3374, Bwisly@simivalley.org









CITY OF SIMI VALLEY



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REFERENCES SCHOOLS

AZUSA UNIFIED SCHOOL DISTRICT – AZUSA, CA \$240,000/ Year CAT 6 CABLING/ FIBER for E-rate Customer Established: April 2015 – Current

XTS installed Cat 6 cable in 2 High schools and over 100 classrooms for e-rate
We did 4 drops in ea for WIFI and other Future Technologies. Installed Cameras, Fiber and Patch Cords.
Installed data racks/ Server room build out.

Technology Administrator: Mario Venzor (626) 858-6520 mariov@azusausd.k12.ca.us

ANAHEIM UNIFIED SCHOOL DIST - ANAHEIM, CA \$325,000/ Year

Cat 6 cabling for E-rate

Customer Established: Dec 2016 - Current

AUSD chose XTS to provide over 750 drops of CAT 6 cabling AND installed their Camera system for e-rate. We also installed Fiber, Conduit and Data Cabinets. **Director, Purchasing - Brad Minami (714) 999-3602** minami b@auhsd.us

Director, Furchasing - Brau Williami (714) 999-3002 Immain_b@dunsu.us

PASADENA CITY COLLEGE – PASADENA, CA. \$145,000/ Yr Network and Power at new Math Lab for E-rate Customer Established: Oct 2016 – Current

XTS provided 60 drops to new Math lab for e-rate. Supplied power poles and electrical. Installed Security Cameras and Cat 6 patch cords

JR Universal Construction: Jorge Velasquez (323) 461-9659 jorge.jruniversal.com



TULARE JOINT UNION SCHOOL DISTRICT - TULARE, CA \$350,000 / Year CAT6 Data Cabling In ea Class Room for WIFI and PA System for E-rate Project Duration: JUNE 2014 - Current

XTS installed Cat 6 cable for over 500 classrooms for e-rate We did 2 drops in the center of ea for WIFI. Installed 49 cat 6 24-port patch panels. Installed PA/clocks and Cameras in ea class room.

Director of Facilities: Chris Stevens (559) 688-2021 ext. 242 chris.stevens@tulare.k12.ca.us



CITRUS COLLEGE – GLENDORA, CA \$225,000 / Year CAT 6 Data Cabling, Access Points, Fiber

Customer Established: Dec 2015 - Current

Citrus College chose XTS to provide over 580 drops of CAT 6 cabling.

We also installed Patch Panels, Fiber and Coax cable for their Camera System.

Network & Telecommunication Systems Supervisor - Leigh Buchwald (626) 914-8779

lbuchwald@citruscollege.edu









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DIR NUMBER/C-10 NUMBER

DIR

Legal Name	Registration Number	County	City	License Type/Number(s)	Current Status	Expiration Date
X-ACT TECHNOLOGY SOLUTIONS	1000008257	LOS ANGELES	LOS ANGELES	CSLB:726924	Active	06/30/2019

C-10

Business Information

X-ACT TECHNOLOGY SOLUTIONS 1920 HILLHURST AVE #1134 LOS ANGELES, CA 90027 Business Phone Number:(818) 465-6765

> Entity Sole Ownership Issue Date 08/29/1996 Expire Date 08/31/2020

License Status

This license is current and active.









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PRICING

OPTION #1 W/ 75" VIEWSONIC

CAT 6 CABLE 40 Boxes X \$250 CAT 6 RJ 45 JACKS 267 x \$7 CAT 6 PATCH CORD 267 X \$10 CAT 6 48 PORT PATCH PANEL 6 X \$150 12 STRAND MM INDOOR/OUTDOOR FIBER – 150' 12 STRAND MM INDOOR FIBER – 50' LC FIBER CONNECTORS 48 X \$20 FIBER PATCH PANELS 4 X \$50 RACK MOUNT FIBER ENCLOSURE 3 X \$200 HIKVISION USA 8TB NVR 1 X \$2,000 HIKVISION USA - CAMERA 20 x \$600 HKVISION CAMERA MOUNT 20 x \$100 ADVANCED NETWORK DEVICES SPEAKER/CLOCK COMBO 45 X \$700 ADVANCED NETWORK DEVICES OUTDOOR SPEAKERS 2 X \$800 CHATSWORTH LOCKABLE SERVER RACK CHATSWORTH IDF 4 POST RACK 2 x \$400 HDMI CABLES 25' 24 X \$20	\$10,000.00 \$1,869.00 \$2,670.00 \$900.00 \$400.00 \$100.00 \$200.00 \$200.00 \$2,000.00 \$2,000.00 \$12,000.00 \$31,500.00 \$1,600.00 \$3,000.00 \$2,500.00 \$480.00
CHATSWORTH IDF 4 POST RACK 2 x \$400	\$800.00
Buzzing system for front and back outside doors 2 X \$2,500	\$5,000.00
*VIEWSONIC IFP 7550 20 X \$4,400 DIVERSITRACK HOVER MOUNT 20 X \$500	\$88,000.00 \$10,000.00
LABELS/VELCRO/TAPE/ ETC	<u>\$2,000.00</u> \$178,579.00
TAX (9.5%) LABOR	\$16,965.00 \$50,000.00
TOTAL	\$245,544.00

AVG. PRICE PER CAT 6 DROP IS \$225.00









PHON

866-XACT-FIX WWW.XACTTS.COM



OPTION #2 W/65" VIEWSONIC

CAT 6 CABLE 40 Boxes X \$250	\$10,000.00
CAT 6 RJ 45 JACKS 267 x \$7	\$1,869.00
CAT 6 PATCH CORD 267 X \$10	\$2,670.00
CAT 6 48 PORT PATCH PANEL 6 X \$150	\$900.00
12 STRAND MM INDOOR/OUTDOOR FIBER – 150'	\$400.00
12 STRAND MM INDOOR FIBER – 50'	\$100.00
LC FIBER CONNECTORS 48 X \$20	\$960.00
FIBER PATCH PANELS 4 X \$50	\$200.00
RACK MOUNT FIBER ENCLOSURE 3 X \$200	\$600.00
HIKVISION USA 8TB NVR 1 X \$2,000	\$2,000.00
HIKVISION USA - CAMERA 20 x \$600	\$12,000.00
HKVISION CAMERA MOUNT 20 x \$100	\$2,000.00
ADVANCED NETWORK DEVICES SPEAKER/CLOCK COMBO 45 X \$700	\$31,500.00
ADVANCED NETWORK DEVICES OUTDOOR SPEAKERS 2 X \$800	\$1,600.00
CHATSWORTH LOCKABLE SERVER RACK	\$3,000.00
CHATSWORTH OPEN RACK	\$2,500.00
CHATSWORTH IDF 4 POST RACK 2 x \$400	\$800.00
HDMI CABLES 25' 24 X \$20	\$480.00
Buzzing system for front and back outside doors 2 X \$2,500	\$5,000.00
*VIEWSONIC IFP 6560 20 X \$3,600	\$72,000.00
DIVERSITRACK HOVER MOUNT 20 X \$500	\$10,000.00
LABELS/VELCRO/TAPE/ ETC	<u>\$2,000.00</u>
	\$162,579.00
TAX (9.5%)	\$15,445.00
LABOR	\$50,000.00
TOTAL	\$228,024.00

AVG. PRICE PER CAT 6 DROP IS \$225.00







EQUIPMENT & SERVICES SPECIFICATIONS

• Item 1: Quantity: 220

Description: Cabling price per Cat 6 drop (according to attached blueprint plus or minus approximately 15-20 drops. The conduits and J-Hooks will be provided. See QA on last pages for more details)

Item 2:

Quantity: 1

Description: 150 feet fiber cabling between new and old buildings (conduits will be provided for it, i.e. no conduit job needed)

Item 3:

Quantity: 1

Description: 40 feet fiber cabling between floors (conduits will be provided for it, i.e. no conduit job needed)

Item 4:

Quantity: 1

Description: 20 Security cameras with 8TB NVR and mounting and configuration service for the cameras

• Item 5:

Quantity: 1

Description: The bell system for the whole campus (old and new building) and mounting service for 45 rooms total and 2 outside horns.

Item 6:

Quantity: 1

Description: Lockable closed deep Server Rack to host blade servers in MDF

• Item 7:

Quantity: 1

Description: Open Rack for cable organizing and for switches in MDF





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• Item 8: Quantity: 2

Description: IDF Racks to host networking switches and cabling organizers

• Item 9: Quantity: 24

Description: 25ft HDMI cables and running cables from teacher corner to the whiteboard (conduits will be provided for it, i.e. no conduit job needed)

Item 10:

Quantity: 2 total (one at the back and another for front door)

Description: Buzzing system for front and back outside doors (conduits will be provided for it, i.e. no conduit job needed) It should include buttons to talk, cameras to see who is out there. There will be a screen in main lobby where school should be able to see and talk to people before letting them into the building.

Item 11:

Quantity: 20

Description: Interactive Display Board: Viewsonic IFP7550 and IFP6560 or similar options on separate quotes (Description: 20 - 65° on one quote and 20 - 75° quote on separate for us to compare and go with)

Item 12:

Quantity: 20

Description: Diversitrack Hover Mount or similar for Item 11, Interactive

Displays and mounting service for those.







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RFP EVALUATION

All qualified, responsive proposals will be evaluated using the following factors and weights.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor qualifications, credentials, certifications, experience, and references	20%
Contract terms and conditions	10%
Total	100.00%

- 1. COSTS = \$245,544/ \$228,024.00 (2 OPTIONS FOR YOU)
- 2. COMPLETE BID. INSTALL ALL CAT 6 CABLE, ALL SECURITY CAMERAS, BELL SYSTEM, RACKS, PATCH PANELS, PATCH CORDS, NVR, AND TESTING. COMPLETE SYSTEM
- 3. CERTIFIED SUPERIOR ESSEX/ORTRONICS, LEVITON/BERKTEK, ADVANCED NETWORK DEVICES, HIKVISION, ARECONT AND MILESTONE. HAVE DONE OVER 20 SCHOOL DIST/GOVT. JOBS. DIR REGISTERED, HOLD A C-10 AND SPIN #.
- 4. PRICING GOOD FOR 90 DAYS. BILLING WILL BE NET 30-60.









866-XACT-FIX WWW.XACTTS.COM

"TECHNOLOGY" IS OUR MIDDLE NAME

SAMPLE CALENDAR

JAN 2019 ▶						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2 	3	4 -	5
6	7	8	9	10	11	12
13	14	15 -START	16 →	17	18 →	19
20	21	22→	23	24	25→	26
27	28 →	29 →	30	31	Notes:	









866-XACT-FIX WWW.XACTTS.COM

"TECHNOLOGY" IS OUR MIDDLE NAME

∢	▼ FEB 2019 ▶						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
					1	2	
					-		
3	4	5	6	7	8	9	
3	4	5	0	'	0	9	
	→	→	→	→	→		
10	11	12	13	14	15	16	
	-	· -	-	·>	→		
17	18	19	20	21	22	23	
	→	→	→	→	→		
24	25	26	27	28			
					PROJECT COMPLETE		
	→	→	→	→	JOIVII LETE		







SAMPLE TEST RESULTS





Cable ID: A4-32

Date / Time: 02/18/2016 12:24:53 PM Headroom 5.0 dB (NEXT 45-78) Test Limit: TIA Cat 6 Channel Cable Type: Cat 6 U/UTP Calibration Date: 10/09/2015

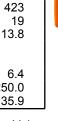
Operator: DOUG Software Version: 2.7700 Limits Version: 1.9400

NVP: 68.5%

Test Summary: PASS

Model: DTX-1800 Main S/N: 1392501 Remote S/N: 1392502 Main Adapter: DTX-CHA001 Remote Adapter: DTX-CHA002

Length (ft), Limit 328	[Pair 12]	272
Prop. Delay (ns), Limit 555	[Pair 36]	423
Delay Skew (ns), Limit 50	[Pair 36]	19
Resistance (ohms)	[Pair 36]	13.8
Insertion Loss Margin (dB)	[Pair 45]	6.4
Frequency (MHz)	[Pair 45]	250.0
Limit (dB)	[Pair 45]	35.9



272 ft

Wire Map (T568B) PASS	
1	
2	
3	
6	
4	
7	
8	8
S	S

Worst Case Margin	Worst Case Value
-------------------	------------------

PASS	MAIN	SR	MAIN	SR
Worst Pair	12-36	45-78	12-36	45-78
NEXT (dB)	5.3	5.0	5.3	5.9
Freq. (MHz)	173.5	113.0	173.5	184.0
Limit (dB)	35.8	39.0	35.8	35.4
Worst Pair	12	45	36	45
PS NEXT (dB)	7.5	7.1	9.0	8.7
Freq. (MHz)	89.0	132.5	229.5	201.5
Limit (dB)	38.0	35.0	30.8	31.8

PASS	MAIN	SR	MAIN	SR
Worst Pair	45-36	36-45	45-36	36-45
ACR-F (dB)	10.5	10.2	10.5	10.2
Freq. (MHz)	242.5	242.5	242.5	242.5
Limit (dB)	15.6	15.6	15.6	15.6
Worst Pair	45	45	45	45
PS ACR-F (dB)	11.7	10.9	11.7	10.9
Freq. (MHz)	239.5	237.0	248.0	244.0
Limit (dB)	12.7	12.8	12.4	12.5

N/A	MAIN	SR	MAIN	SR
Worst Pair	12-36	45-78	36-45	45-78
ACR-N (dB)	7.3	9.0	14.5	16.6
Freq. (MHz)	8.3	113.0	230.5	247.0
Limit (dB)	52.2	16.2	-0.5	-2.5
Worst Pair	36	12	36	45
PS ACR-N (dB)	9.1	10.3	15.6	16.5
Freq. (MHz)	8.3	6.8	229.5	242.5
Limit (dB)	49.6	51.6	-3.4	-4.9

PASS	MAIN	SR	MAIN	SR
Worst Pair	12	45	78	45
RL (dB)	7.8	7.4	10.2	7.4
Freq. (MHz)	29.4	237.0	142.5	240.5
Limit (dB)	16.7	8.3	10.5	8.2

Compliant Network Standards:

100BASE-TX 100BASE-T4 10BASE-T 1000BASE-T ATM-25 ATM-51 100VG-AnyLan ATM-155 TR-4 TR-16 Active TR-16 Passive

LinkWare Version 9.0

FLUKE

Project: OCFA TEST RESULTS OCFA - Fluke File 279 Results.flw Site: IRVINE





Legrand acknowledges

X-act Technology Solutions

is Certified at the Certified Installer (CI) tier for the period

January 1, 2018 to December 31, 2018

This certification allows the installer to offer the Ortronics Extended Product warranty for properly registered and approved projects in California.

Warranty for projects outside California must be pre-approved.

Training & Contractor Program Manager

Registration Number



Certificate of Completion OASIS Installer Training Course

Ed Coleman

X-Act Technology Solutions, Inc.

has successfully completed the Berk-Tek Certified OASIS Integrator Installer Training and is qualified to install OASIS Program Structured Cabling Systems.

Date of Certification:

01/22/18



flly 11. Whank

Kelly M. Urbanik
CONTRACTOR PROGRAMS MANAGER





X-ACT TECHNOLOGY SOLUTIONS

SILVER CHANNEL PARTNER 2018



T- Paguir

Tim Palmquist

Vice President Americas, Sales

Milestone Silver reseller

Silver partner status is the entry level of the Milestone partner program. Silver partners can sell Milestone products that serve basic to mid-size security installations.



IPSWD

IP Speaker with LED Display

Capabilities

Audio:

- 8" High efficiency PA Speaker
- Optional ancillary 8-ohm speaker
- Bell scheduling, reminders and alarms
- Clock chimes
- Voice paging from a PC or IP phone, scheduled or ad hoc.
- Use provided notifications, alarms, audio files (sport, holiday, traditional, etc.), or your own

Auto Dimming:

Automatically dim for different times of day. Reduce power usage at night to save energy.

Clock:

- 3" numbers/text
- Atomic time
- Never needs setting
- · Auto-adjust for Daylight Savings
- · Display 4 or 6 digits
- Configurable fonts and colors

Scrolling Text:

- Send many types of messages to it:
- Custom Configuration
- Reminders
- Alerts
- Advertising
- RSS/Twitter/News/Weather/Stock feeds
- · Configurable fonts and colors
- 1 or 2 Line Display

Microphone:

- Monitoring
- Two way talking/Intercom
- Paging Supervision
- Hands-free talk back

Timer/Stopwatch:

- Display 4 or 6 digits
- Configurable fonts and colors
- · Count up or down
- Count days, hours, minutes, seconds, 1/100ths of seconds
- Display timer and clock simultaneously

IP Speaker Overview

The IP Speaker is a Power over Ethernet (PoE, PoE+) synchronized clock and intercom that requires only an RJ-45 connector to connect to existing data networks. Simultaneously, broadcast to both phones and speakers. The clock auto synchronizes and can be used as a scrolling text display. Standard built in microphone and speaker for two way communication.

Features

Built in Web Server:

- Send text messages to it from the web page
- Configurable brightness and volume
- Configurable fonts
- Configurable NTP time server, time zone, etc.
- · Device Status
- Field upgradable

Line In/ Out:

- Independent line-in.
- Can be configured to send line in audio to the speaker and/or add additional speakers

Easy Installation:

- Only requires CAT 5 connection (up to 300ft) to network
- Power over Ethernet (no power cord or adapter). No other equipment needed

GPIO:

- 2 inputs, 1 output
- Activate via telephone or programmatically

Multicast:

Full multicast and broadcast support.
 Send audio and/or scrolling text to individual, multiple, or all devices simultaneously.

Stop Watch / Timer:

 Count up and down days, hours, minutes, seconds, 1/100ths, with configurable sounds and colors. Event-based trigger.

Sound Masking:

 Generate configurable pink noise via push button or programmatically for sound masking

Two Wav Communication:

- Activate via push button
- Allows for full duplex hands free communication

Options

• Optional button for hand-free push to talk



Advanced Network Devices • 3820 Ventura Dr. Arlington Hts. IL 60004 • Phone: 847-463-2236 • Fax: 847-359-5418 Website: www.anetd.com • E-Mail: sales@anetd.com



Supported Protocols

- SIP
- DHCP
- IPv4
- IGMP
- HTTP
- ICMP
- SLP
- TCP/IP
- TFTP
- UDP
- NTP
- MDNS and MDNS-SD
- SNMPV1 & SNMPV2c

Specifications

- Weight: 8lbs
- Approx: 13"x5"(2" on bottom) x15"
- PoE (IEEE802.3af) 15.4 W or
- PoE+ (IEEE802.3at) 30.0 W
- 10/100 Mb network connection

Speaker Size:	8"
Average Sensitivity:	95dB, 1W/1M
Audio Power:	8 W / 16 W
Frequency Response:	60 Hz - 17 kHz
Polar Plot	See diagram 1

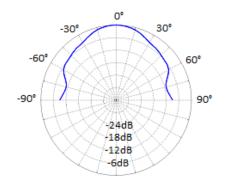


Diagram 1 8" Speaker Polar Plot 2 kHz Octave Band, Grid Spacing = 6dB/Division

Software Options

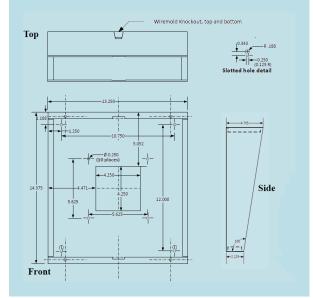
- No software: External software is not required for atomic timekeeping and sending text messages from the device's web server. The devices can operate stand-alone. However, application software can be used to augment the devices capabilities and integrate the device into a mass notification system, on the phone network, etc.
- **AND Clockwise**: Instantly finds all of your AND devices, it is a clock/alarm program for scheduling, alarms, events, stopwatch, timer, optional theme sound library, sending News/RSS/Twitter/Weather/Stock feeds, etc.
- Third Party Software: AND has a long-standing relationship with InformaCast (SingleWire), and also supports IPSession (IPCelerate), SA-Announce (Syn-Apps), MessageNet Systems, BellCommander (AcroVista), and others. AND devices will also work with SIP-compatible products/PBX, such as Asterisk, 3CX, ShoreTel, etc.
- Multiple: Can run Clockwise and 3rd party software concurrently.

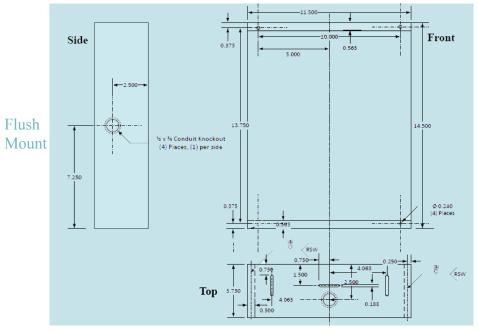
Mounting Options

IPSWD-RWB comes with a seperate back box. Choose from surface mount or flush mount entions

flush mount options.

Surface Mount











Mass Notification

Designed to run on parallel systems, AND Endpoints can tie into multiple mass communications systems.

Atomic Clock & Paging

AND Endpoints keep accurate time as synchronized clocks and also serve as advancecd paging and intercom systems.

Hands Free Two-Way

With one of the most robust full-duplex communication feature sets, AND Endpoints are easy to use and hands free.

PEDUCATION

IP Paging &
Intercom
Improve the way your organization communicates with technology that is revolutionary not
evolutionary

Advanced Network Devices (AND) provides best-in-class IP paging, intercom, and synchronized clocks for integration into unified communications (UC) systems. AND supports standard protocols, such as SIP, as well as API integration with UC software providers.

AND devices are some of the most robust and flexible solutions in the market.

AND specializes in advanced audio and video applications, especially as they relate to networking, notification and time keeping. Our products are developed with flexibility and interoperability in mind.

Flexibility combined with a multi-function device connected and powered by a single network cable adds value while eliminating cost.

Advanced Network Devices provides best-in-class IP paging, intercom and atomic synchronized clocks.



Safety First

Keeping students safe is always high priority. With regulations like the Cleary Act, it is important for campuses of all shapes and sized to have a felixible mass notification solution and a single point of messaging.

- AND IP Endpoints can be combined with any one of the many IP based software solutions
- Broadcast to phones, speakers,
 SMS text, e-mail, school website
 and more all at once
- Easily send a notification to a specific set of classrooms, portion of the campus or the entire campus
- When there is a problem with a device or a loss of connection receive immediate notification.

With regulations like the Cleary Act, it is important for campuses of all shapes and sizes to have a flexible mass notification solution.

Rich Feature Set

Easy Installation

AND IP Endpoints connect directly back to your PoE network switch with only a CAT 5 connection. Devices run Power over Ethernet (PoE) with no additional cord or adapter. No other equipment needed. You are able to UPS backup your network at the switch ensuring operation of your communication system.

Built-In Web Server

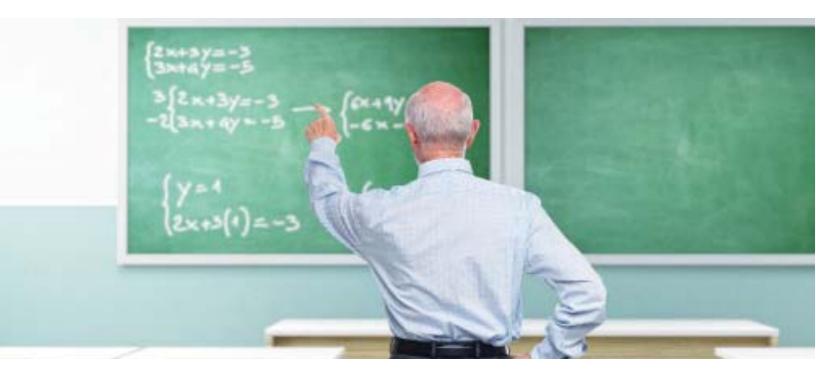
AND IP Endpoints are totally configurable; parameters such as brightness, volume, font, and servers can be adjusted via a web browser. The web server allows for status and monitoring of server connections, audio streams, and sensor data.

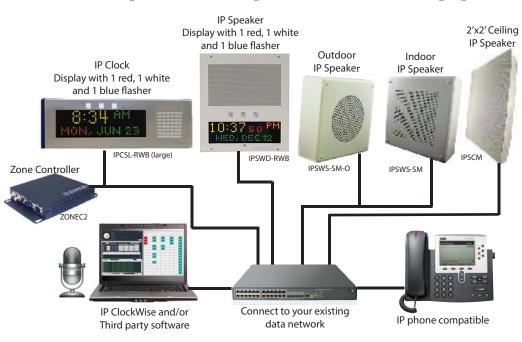
Flexibility

In addition to audio, AND IP Endpoints offer a signboard for synchronized time and scrolling text communications. Use the LED screen for messages in configurable fonts and colors for reminders, alerts, advertising, or RSS feeds.

SIP Enabled Endpoint

AND Endpoints are designed to connect to any VoIP phone system for full SIP integration.





Advanced Innovation



Can your bell system help in an emergency? Bell scheduling, intercom and mass notification in

one device

Advanced Network Devices are built and designed with multifunction in mind. The combination of a signboard, microphone, and speaker, in one device, allows for replacement of your synchronized clock system, public address system and bell scheduler.

The assignment of priorities allows you to use your mission critical notification system for everyday announcements and bells with peace of mind.

Should an emergency notification be needed, the message can be assigned a priority of 1. A priority of 1 tells the device to abort all current and previously scheduled messages to deliver the emergency message.

Integrating your system one step further becomes possible with the use of the GPIOs (general-purpose input/output) provided on all Advanced Network Devices' endpoints. Connect to pro AV systems in your auditoriums, and smartboards to shut off audio when emergency pages are made.

Bell Scheduling

TONES & AUDIO

IP based bell scheduling allows for segmentation of bells by school, wing or classroom. Preload altered schedules, early releases, late starts, and assemblies.

COUNTDOWN TIMER

Leverage the built in countdown timer. Combine with the tones and bells for smooth operation of class schedules.

- Ring a predetermined tone to end the period
- Begin a countdown for the passing period
- Schedule text color change for the final 30 seconds (i.e. change to red)
- Ring the final passing period ending bell

Hands-Free 2-Way

Advanced Network Devices' call button kit (AND-BTN-KIT-1) allows for hands free, full-duplex communications.

Connect the IP endpoint via SIP to your IP phone network and talk from office to classroom and classroom to office at the push of a button.

Program the button to recognize two commands. Push once to talk to the office; push and hold to connect to campus or district security.



Leverage Existing System

ZONE CONTROLLER 2

Advanced Network Devices' zone controller allows you to take advantage of your existing analog system and integrate with IP devices and Software.

Connecting the zone controller to your existing speaker system's amplifier allows you to realize many of the same benefits of IP with your existing hardware.





Authorized Distributor

Glendale, CA 91205 Phone: +1.818.937.0700 Fax: +1.818.0464

May 14, 2018

Ed Coleman
Chief Operating Officer
X-act Technology Solutions, Inc
1920 Hillhurst Ave #1134
Los Angeles, CA. 90027
Lic# 726924 C-10

Email: ed@xactts.com

P: 818-465-6765 F: 818-922-8520

To Whom It May Concern,

This letter is provided to your office as a confirmation that X-act Technology Solutions, Inc. is an authorized dealer and reseller of Arecont Vision products. X-act Technology Solutions, Inc. is authorized to sell, install, and service Arecont Vision products in all states and territories that they have a valid security license for.

If there are any questions, feel free to contact me at +1.818.937.2134.

Sincerely,

Diana Cooper

Senior Manager, Sales Operations dcooper@arecontvision.com

Education: K-12

Ernie Ace Velayo

Regional Sales Manager - Southwest +1.916.534.6049 | Evelayo@arecontvision.com

Steve McGlasson

Regional Sales Director - Southwest +1.858.602.2525 | Smcglasson@arecontvision.com



Made in USA Com Magnolia Public Schools - Regular Facilities/Audit Committee Meeting - Agenda - Wednesday December 5, 2018 at 7:30 PM

- Arecont Vision manufactures megapixel cameras that are designed and manufactured in the USA and are qualified & treated as domestic end product by US Government policies & legislation
 - The Presidential Executive Order on Buy American and Hire American
 - More info: http://tinyurl.com/kygg3bs
 - The Buy America Act (41 U.S.C. §§ 8301-305)
 - More Info: http://tinyurl.com/ya3peh8z
 - Federal Trade Commission Made in USA Compliance
 Standard
 - More info: http://tinyurl.com/y8st5kra

Arecont Vision® Megapixel Cameras Meet the Requirements of Presidential Executive Order on Buy American

June 26th, 2017

Download document: EN



Glendale, CA (June 28, 2017) – Arecont Vision[®], the Industy leader in IP-based meapabel camera technology, has announced that Is IP megapited surveillance cameras meet the requirements of the April 18, 2017 Presidential Executive Order on Buy American and Hire American for manufactured goods. Arecont Vision is the only US-owned company making video surveillance cameras in the country.

*Ancord Vision is an American company that designs and builds customer-proven, award-winning megapixel surveillance cameras here in the USA, qualifying under President Trump's recent Executive Order for manufactured goods, "axid Scott Schafer, Executive Vice President, Arecord Vision. "The company has contributed more to the development of the megapixel camera industry through innovative design, outstanding quality, and advanced capabilities than any other vendor. Arecord Vision cameras are used by government and commercial customers for surveillance projects across a wide range of requirements."

Amount Vision designs and assembles its products at the company's headquarters and R&D facilities in Glendale, CA. The company-designed circuit boards used in eart camera are built in its Angeles county with a Field Programmable Gate Array (FPGA) integrated circuit at their core. The FPGA is used to run the Amount Vision-developed Massively Parallel Image Processing (MPIP) architecture, which is now in its 5th generation of development. The MPIP architecture reduces the cybersecurity risks and hidden backdoors that common embedded operating systems and licensed code or chipates may provide in surveillance cameras from other vendors. The architecture also extends the useful for Amount Vision cameras by allowing new features and security updates to be applied after installation for increased customer value and protection.

Arecent Vision builds a comprehensive selection of American-made, feature-inch, single- and multi-sensor megapioni surveillance cameras for indocritulations and days inflat use. Arecent Vision cameras are integrated with the industry's leading Video Management System (VMS) and Network Video Recorder (NVR) platforms to deliver world class video surveillance systems that address customer requirements.

Arecont Vision cameras are available from the industry's leading security systems integrators and dealers, and are proven in hundreds of thousands of government and commercial video surveillance projects.

More info about this press release: https://goo.gl/ErhWCC



Magnolia Public Schools - Regular Facilities/Audit Committee Meeting - Agenda - Wednesday December 5, 2018 at 7:30 PM Situational Awareness





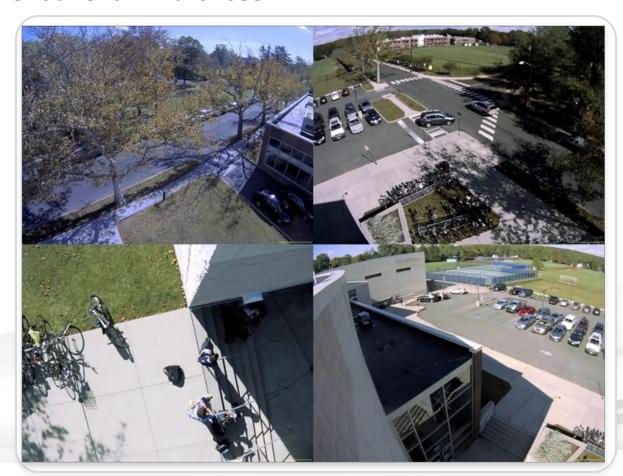


Magnolia Public Schools - Regular Facilities/Audit Committee Meeting - Agenda - Wednesday December 5, 2018 at 7:30 PM Situational Awareness







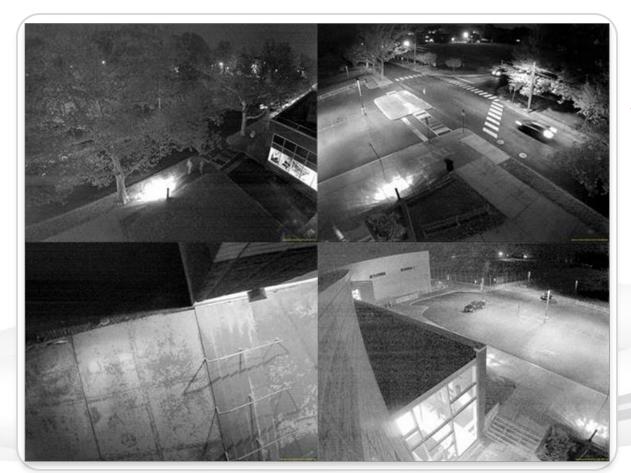


After:

Arecont Vision® AV12176DN in daytime

270° coverage plus a shot straight down!





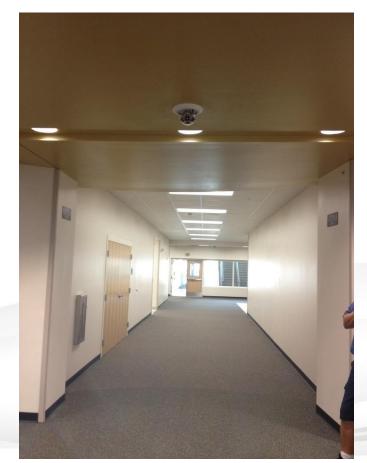
After:

Arecont Vision® AV12176DN at night with lights on

270° coverage plus a shot straight down!



K-12 Surveillance Magnolia Public Schools - Regular Facilities/Audit Committee Meeting - Agenda - Wednesday December 5, 2018 at 7:30 PM







X-act Technology Solutions 1920 Hillhurst Ave #1134 Los Angeles, CA 90027 (818) 465-6765 5/7/18

Mr. Ed Coleman,

It is my pleasure to welcome X-act Technology Solutions, Inc to the Hikvision Dealer Partner Program. Here at Hikvision, we are committed to providing end-to-end solutions that address your customers' needs, whether they are a small-to-medium size business or an enterprise-level client. We are here to help you be even more successful and, most importantly, profitable! Our goal is to create the most positive experience for you as a Platinum Hikvision Dealer Partner (HDP). Please find above your HDP number(s) for your preferred distributor(s) and the name and contact info for your regional sales manager. You can learn more about your benefits as a partner by visiting the HDP page on our website at http://overseas.hikvision.com/us/AE/HDP.html. Please visit www.hikvision.com/en/us for more information about our products and services.

Your feedback is important to us. We encourage you to contact us with ideas for future program benefits, joint marketing efforts, or joint sales calls to your end users. Success is not independent, it's interdependent. We welcome any opportunity to partner with you to further our mutual success.

As a Certified installer we are here to add value with free training on all of our products.

Thank you for being a valued Partner,

Jim Matheson

Jim Matheson

Regional Sales Manager- Southern California (619) 316-8435



DS-2CD6986F-H

8 MP Multi-Imager Panoramic Dome Camera

DarkFighter

- **Panoramic Camera**
- Up to 8 MP Resolution (4 x 2 MP Sensors)
- 1/1.8" Progressive Scan CMOS
- 4 x 5 mm Fixed Lenses
- 180° Horizontal View (Stitched Image)
- **Ultra-Low Light, Slow Shutter**
- 1 Edge Storage MicroSD Slot, 128 GB
- 24 VAC/PoE+ (802.3at)
- Audio/Alarm I/O
- IP66 and IK10 Protection
- **Heater and Fan**

The Hikvision DS-2CD6986F-H 8 MP Multi-Imager Panoramic Dome Camera offers a full 180 degree view, stitched together from its four 2 MP cameras.

Four 5 mm lenses provide an ultra-wide image to address the most demanding situations. A maximum resolution of 4096 x 1800 means high detail at up to 30 frames per second (fps). A built-in microSD/SDHC/SDXC slot that supports up to 128 GB provides on-board storage.



The DarkFighter Series ultra-low light Smart cameras are able to capture high quality color images in dim light environments. DS-2CD9686F-H offers full HD resolution with PoE, defog, and 3D DNR to meet a wide variety of applications.

IK10 and IP66 certifications protect the camera from impact and inclement weather.

Available Models: DS-2CD6986F-H



















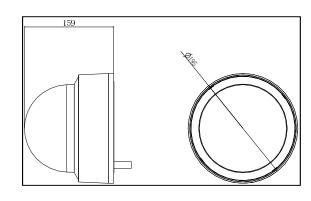


	DS-2CD6986F-H
0	D3-20003001-11
Camera	1/1 0 nyanyaasiya asan 0M00
Image Sensor	1/ 1.8" progressive scan CMOS
Minimum Illumination	Color: 0.002 lux @ f/1.4 AGC on; B/W: 0 lux with IR
Shutter Speed	1/25s to 1/100,000s
Slow Shutter	Yes
Lens	5 mm x 4, pan: 180°, tilt 78.4°
Angle Adjustment	Pan: 0° to ~360°, tilt: 45° to ~90°
Lens Mount	CS
Day/Night	IR cut filter with auto switch/schedule/triggered by alarm
WDR	Digital
Compression Standards	11.004 //1.004/14/17/50
Video Compression	H.264+/H.264/MJPEG
H.264 Type	Baseline/Main/High Profile
Video Bit Rate	32 Kbps to 16 Mbps
Dual Streams	Yes
Audio Compression	G.711 (64 Kbps)/G.722.1 (16 Kbps)/G.726 (16 Kbps)/MP2L2 (32 to 192 Kbps)/AAC/PCM (16 to 64 Kbps)
Image	
Maximum Resolution	4096 x 1800
Frame Rate	Mode 1: Main Stream: 30 fps (4096 x 1800, 3840 x 1680) Sub Stream: 30 fps (704 x 320)
	Mode 2: Main Stream: 24 fps (2400 x 3840), 30 fps (1200 x 1920) Sub Steam: 30 fps (480 x 768, 320 x 512)
Image Settings	Saturation, brightness, contrast, sharpness adjustable by client software or Web browser
Back Light Compensation	Yes, zone configured
Region of Interest (ROI)	Yes, 4 regions
Digital Noise Reduction	3D DNR
Defog	Yes
Network	
Network Storage	NAS (supports NFS, SMB/CIFS), ANR
Alarm Triggers	Motion detection, tamper alarm, network disconnect, IP address conflict, storage exception
Protocols	TCP/IP, UDP, ICMP, HTTP, HTTPS, FTP, DHCP, DNS, DDNS, RTP, RTSP, RTCP, PPPoE, NTP, UPnP, SMTP, SNMP, IGMP, 802.1X, QoS, IPv6, Bonjour
Security	Three level user authentication, password authorization, HTTPS and SSH certificate, IEEE802.1X, basic and digest authentication, watermark, IP address filtering, log-in lockout
Standards	ONVIF (PROFILE S, PROFILE G), PSIA, CGI, ISAPI
Interface	
Communication	1 RJ-45 10M/100M Ethernet port, RS-485 interface
On-Board Storage	Built-in microSD/SDHC/SDXC slot, up to 128 GB
Alarm	1x I/O (up to 24 VDC 1A or 110 VAC 500 mA)
Audio	1 x 3.5 mm jack, audio in (mic in/line in)/out interface
General	
Operating Conditions	-30° C to 60° C (-22° F to 140° F), humidity 95% or less (non-condensing)
Power Supply	24 VAC ±10%, PoE+ (802.3at) UL/cUL Listed
Power Consumption	Maximum 22 W
Protection Level	IEC60068-275Eh, 20J; EN50102, up to IK10, IP66
Dimensions	Φ7.68" × 6.26" (Φ195 mm × 159 mm)
Weight	2850 g (6.28 lbs)

Accessories

Dimensions









Magnolia Public Schoolst MSA-1 Cabling Services 2018

Developing Advanced Technology Solutions for Your Organization



RFP Response Due: November 9th, 2018 @ 5:00 p.m.

Proposal Prepared for:

Magnolia Public Schools 250 East First Street #1500 Los Angeles, CA 90012



Proposal Submitted by:

Federal Technology Solutions, Inc. 1828 Railroad Corona, CA 92880 (951) 808-9660

Email: treyb@federalsales.com

Magnolia Public Schools



Cover Letter

Magnolia Public Schools Rasul Monoshev, MSP IT Director 250 East First Street, Suite #1500 Los Angeles, CA 90012

Dear Mr. Monoshev,

On behalf of Federal Technology Solutions, Inc. we are pleased to submit the following proposal to Magnolia Public Schools. We have read and summarized our understanding of your initiatives in our proposal response to your bid MSA-1 Cabling Services 2018.

Federal Technology Solutions, Inc., a dedicated telecommunications company serving K-12, Higher Education, Local and State Government organizations, has a proven ability to tailor solutions to meet the specific objectives and requirements.

FTSI fully understands the District's requirements for this project and is fully prepared to provide the staffing and project commencement resources necessary to ensure the timely project completion in compliance and accepts the terms of your bid MSA-1 Cabling Services 2018.

Our team and I look forward to discussing our proposal with you in greater detail as you've had an opportunity to review all of the responses and to begin generating questions. Please contact me Trey C. Beahm, at treyb@federalsales.com; or via telephone at (951) 808-9660 for further follow up.

Thank you again for the opportunity to serve you. We look forward to your feedback and a favorable review of our response.

Sincerely,

Trey C. Beahm Vice President, Operations/Chief Financial Officer

Magnolia Public Schools



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Insurance	
Manufacturer Certifications	
Staff Resumes	

Magnolia Public Schools



Section 1 – Pricing for Products and Services



Quotation

Customer:

Magnolia Public Schools 250 E. 1st Street Suite 1500 Los Angeles, CA 90012

Attn: Rasul Monoshev, MPS IT Director

1828 Railroad St. Corona, CA 92880

Corona, CA 92880 O. 951-808-9660

Installation Site:

Magnolia Science Academy-1 Cabling Services 18220 Sherman Way, Reseda CA 91335 January 15th, 2019-Febrauary 30th, 2019

Today's Date: November 09, 2018

#	Description	Part No.	QTY	UNIT		LABOR		MATERIAL	Tax @ 9.	50%		TOTAL
2	Item 1: Cabling Price per CAT6 Drop (Per Plan) 220 CAT6							1201				
1	CAT6 CMP Cabling	77-246-2B	220	EA	\$	15,692.05	\$	11,880.00	\$ 1,12	8.60	\$	28,700.65
2	CAT6 CMP Cabling (15-20)	6A-246-2B	20	EA	\$	832.15	\$	960.00	\$ 9	1.20	\$	1,883.35
3	CAT6 Connectors	OR-KT2J6	220	EA	\$	1,046.14	\$	934.56	\$ 8	8.78	\$	2,069.48
4	4 Port faceplates	Faceplates	151	EA	\$	718.03	\$	407.70	\$ 3	8.73	\$	1,164.46
5	J-Hooks Cable supports provided per others per addendum		ALCOHOL:		\$	-	\$		\$	-	\$	-
6	Cable Certification and Testing	Testing / Labeling	220	EA	\$	784.60	\$	264.00	\$ 2	5.08	\$	1,073.68
7	CAT6 Patch Panel 110 Type 48 Port	OR-SP6U48	2	EA	\$	106.99	\$	379.63	\$ 3	6.07	\$	522.69
8	CAT6 Patch Panel 110 Type 24 Port	OR-SP6U24	1	EA	\$	53.50	\$	209.16	\$ 1	9.87	\$	282.53
25					\$	S	\$		\$	-	\$	-
					\$	19,233.47	\$	15,035.05	\$ 1,42	8.33	\$	35,696.85
2	Item 2: 150 Feet Fiber Cabling between new and old Bldg.										Elifea II	
1	6 Strand OM3 Fiber	44006NG01 OFNP	150	FT	\$	713.28		90.00		8.55		811.83
	LC MULTI MODE FIBER CONNECTOR	OR-205KAN9GA-MM	12	EA	\$	142.66		75.60		7.18		225.44
	FIBER ENCLOSURE 2U	OR-EC02U-C	1	EA	\$	142.66		158.30			\$	316.00
4	LC Panel 6 Port	OR-OFP-LCD12LC	2	EA	\$	71.33		138.67		3.17	\$	223.17
5	Fiber Testing and Certification	Testing	6	EA	\$	71.33	_	7.20		0.68	\$	79.21
6					\$	-	\$		\$	-	\$	-
25					\$	1 S 2 B 3	\$		\$	-	\$	-
					\$	1,141.24	\$	469.78	\$ 4	4.63	\$	1,655.65
2	Item 3: 40 Feet Fiber Cabling between Floors											
1	6 Strand OM3 Fiber	44006NG01 OFNP T	40	FT	\$	190.21	\$	22.56	\$	2.14	\$	214.91
2	LC MULTI MODE FIBER CONNECTOR	OR-205KAN9GA-MM	12	EA	\$	142.66		75.60		7.18	\$	225.44
	FIBER ENCLOSURE 2U	OR-EC02U-C	1	EA	\$	142.66		158.30		5.04	\$	316.00
4	LC Panel 6 Port	OR-OFP-LCD12LC	2	EA	\$	71.33	_	138.67		3.17	\$	223.17
5	Fiber Testing and Certification	Testing	6	EA	\$	71.33		7.20		0.68	\$	79.21
6		100.0			\$	- 1.00	\$		\$	-	\$	79.21
25					\$	-	\$	-	\$	_	\$	
- 100000					\$	618.17		402.34		8.22	\$	1,058.73
											NEW STREET	THE REAL PROPERTY.
2	Item 4: 20 Security Cameras with 8TB NVR and Mounting Servi	icos	Water Areas		ISIA TAIT		On Lava			Type Cruper		

1 Mo	odel: VLR-10TB-A-RK	Vicon Security	1	EA	\$	1,165.02	\$	5,400.00	0	E12.00	1 6	7 070 00
2 Val	llerus Pro License: Single Edge new lic.for use with Vicon Cameras	VLR-VPRO-LIC	20	EA	\$	1,105.02	\$	1,800.00		513.00	\$	7,078.02
3 Vai	ndal Microdome: 2 MP; H.264/H.265 Includes day/nght camera IR	V82D-281R	20	EA	\$	2,853.10		4,320.00		171.00		1,971.00
	ounting Hardware and Consumables	COLD LOTTE	1	EA	\$	285.31				410.40		7,583.50
	nfiguration Service		1	EA	\$	1,711.86		330.00		31.35	\$	646.66
25				LA	\$	1,711.00		-	\$	•	\$	1,711.86
					-		\$	-	\$	-	\$	-
					\$	6,015.29	\$	11,850.00	\$	1,125.75	\$	18,991.04
	Item 5. The Bell system for the whole comput								Version per l'imp			
(0	Item 5: The Bell system for the whole campus old and New Bidg) and Mounting service for 45 rooms total and 2	ITEM ENO DID										
1 No	outside Horns	ITEM 5 NO BID			I ¢		•		•		<u>Γ</u>	
	ed more detail and floor plan of old facility to do design application-Una	able to hid at this time			\$	-	\$	=	\$	-	\$	-
J INCO	ed more detail and noor plan or old facility to do design application-ona	able to blu at this time	SPECIAL SPECIA		100		100	_	\$	-	\$	
					\$	_	\$		\$	-	\$	-
2 Iten	m 6: Server Rack to Host Blade Servers in MDF				Many Serv		- 52.00	THE COLUMN TWO IS NOT THE	niconinc partic	taurney enge.		
	ckable Closed deep Server Rack to Host Blade Servers in MDF	GF-22A420-CB	1	EA	\$	570.62	\$	2,009.94	\$	190.94	\$	2,771.50
	tallation Hardware		1	EA	\$	1,141.24	\$	150.00		14.25	\$	1,305.49
	ATSWORTH CABINET 45U				\$	-	\$		\$	-	\$	-
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				\$		\$		\$		\$	
A 100 March 200					\$	1,711.86	\$	2,159.94	-	205.19		4,076.99
.5						1,7 17.00			To the last of	NO TO THE OWNER.	WHITE	
25						1,111.00	İ	Cover the second				
					ar maden	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		regress remembers		WAS TRANS		
2 Iten	m 7: Open Rack for Cable organizing and switches in MDF	OD 40 04 TOODD			ar madani			estant authorized no		40.50		70446
2 Iten 1 2 P	POST RACK	OR-19-84-T2SDB	1	EA	\$	570.62	\$	174.00		16.53	\$	
2 Iten 1 2 P 2 Har	m 7: Open Rack for Cable organizing and switches in MDF	OR-19-84-T2SDB	1	EA EA	\$	570.62 71.33	\$	174.00 78.00	\$	7.41	\$	156.74
2 Item 1 2 P 2 Har 3	POST RACK	OR-19-84-T2SDB	1		\$ \$	570.62 71.33	\$ \$	174.00 78.00 -	\$ \$	7.41 -	\$ \$ \$	
2 Iten 1 2 P 2 Har 3	POST RACK	OR-19-84-T2SDB	1		\$ \$ \$	570.62 71.33	\$ \$ \$	174.00 78.00	\$ \$	7.41	\$ \$ \$	156.74
2 Iten 1 2 P 2 Har 3	POST RACK	OR-19-84-T2SDB	1		\$ \$	570.62 71.33 - -	\$ \$ \$	174.00 78.00 - - -	\$ \$ \$	7.41 - -	\$ \$ \$ \$	156.74 - - -
2 Iten 1 2 P 2 Har 3	POST RACK	OR-19-84-T2SDB	1 1		\$ \$ \$	570.62 71.33	\$ \$ \$	174.00 78.00 -	\$ \$ \$	7.41 -	\$ \$ \$ \$	156.74 - - -
2 Iten 1 2 P 2 Han 3 4	POST RACK rware	OR-19-84-T2SDB	1 1		\$ \$	570.62 71.33 - -	\$ \$ \$	174.00 78.00 - - -	\$ \$ \$	7.41 - -	\$ \$ \$ \$	156.74 - - -
2 Iten 1 2 P 2 Har 3 4	oost rack rware m 8 IDF Racks to Host networking switches and cabling oraganizers			EA	\$ \$ \$ \$ \$	570.62 71.33 - - - 641.95	\$ \$ \$ \$ \$	174.00 78.00 - - - 252.00	\$ \$ \$	7.41	\$ \$ \$ \$	156.74 - - - - 917.89
2 Item 1 2 P 2 Han 3 4 5 2 Item 1 2 P	oost Rack rware m 8 IDF Racks to Host networking switches and cabling oraganizers ost Racks	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95	\$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00	\$ \$ \$	7.41	\$ \$ \$ \$	156.74 - - - - 917.89 1,522.30
2 Item 1 2 P 2 Har 3 4 5 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	oost rack rware m 8 IDF Racks to Host networking switches and cabling oraganizers			EA	\$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31	\$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00	\$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30
2 Item 1 2 P 2 Har 3 4 5 2 Item 1 2 P 2 Cab	oost Rack rware m 8 IDF Racks to Host networking switches and cabling oraganizers ost Racks	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95	\$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00	\$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$	156.74 - - - - 917.89 1,522.30
2 Item 1 2 P 2 Har 3 4 5 5 2 Item 1 2 P 2 Cab 3 4	oost Rack rware m 8 IDF Racks to Host networking switches and cabling oraganizers ost Racks	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 -	\$ \$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00	\$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97
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2 Item 1 2 P 2 Har 3 4 4 25 2 Item 1 2 P 2 Cab 3 24	m 8 IDF Racks to Host networking switches and cabling oraganizers cost Racks bling Organizers	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - -	\$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00 - -	\$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - -
2 Item 1 2 P 2 Har 3 4 25 2 Item 1 2 P 2 Cab 3 24 25 1	m 8 IDF Racks to Host networking switches and cabling oraganizers Post Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - -	\$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00 - -	\$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - -
2 Item 1 2 P 2 Har 3 4 4 25 1 2 P 2 Cab 3 24 25	m 8 IDF Racks to Host networking switches and cabling oraganizers rost Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner the whiteboard (Conduits will be provided for it, I.e. no conduit	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - -	\$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00 - -	\$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - -
2 Item 1 2 P 2 Ham 3 4 4 25 5 2 Item 1 2 P 2 Cab 3 4 2 5 1 tem to t 2 job	m 8 IDF Racks to Host networking switches and cabling oraganizers Post Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner the whiteboard (Conduits will be provided for it, I.e. no conduit in needed)	OR-19-84-T2SDB	2 2 2	EA EA EA	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - - - 1,426.55	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - 252.00 348.00 828.00 - - - 1,176.00	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66 - - 111.72	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - - - 2,714.27
2 Item 1 2 P 2 Har 3 4 4 25 2 Item 1 2 P 2 Cab 3 4 4 25 1 Item to t job	m 8 IDF Racks to Host networking switches and cabling oraganizers rost Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner the whiteboard (Conduits will be provided for it, I.e. no conduit	OR-19-84-T2SDB	2	EA EA	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - - 1,426.55	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - - 252.00 348.00 828.00 - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66	\$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - - - 2,714.27
1 2 P 2 Har 3 4 25	m 8 IDF Racks to Host networking switches and cabling oraganizers Post Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner the whiteboard (Conduits will be provided for it, I.e. no conduit in needed)	OR-19-84-T2SDB	2 2 2	EA EA EA	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - - - 1,426.55	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - 252.00 348.00 828.00 - - - 1,176.00	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66 - - 111.72	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,522.30 1,191.97
2 Item 1 2 P 2 Harr 3 4 25 2 Item 1 2 P 2 Cab 3 4 25 Item 1 2 P 2 Cab 3 14 25 Item 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	m 8 IDF Racks to Host networking switches and cabling oraganizers Post Racks bling Organizers m 9 25FT HDMI Cables and Running cables from teacher corner the whiteboard (Conduits will be provided for it, I.e. no conduit in needed)	OR-19-84-T2SDB	2 2 2	EA EA EA	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	570.62 71.33 - - - 641.95 1,141.24 285.31 - - 1,426.55	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	174.00 78.00 - - 252.00 348.00 828.00 - - - 1,176.00	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	7.41 - - 23.94 33.06 78.66 - - 111.72	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	156.74 - - - 917.89 1,522.30 1,191.97 - - - 2,714.27
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2 Item 10						Ten Barris					
Buzzing System for front and back outside doors	Aiphone System	2	EA	\$	6,847.44	\$	2,936.30	\$	278.95	\$	10,062.6
2 Conduit will be provided				\$	-	\$	-,000.00	\$	-	\$	10,002.0
3 Includes buttons to talk, cameras to see who is out there				\$		\$	_	\$	_	\$	-
4 There will be a screen in main lobby where school should be able to see				\$	-	\$	-	\$	_	\$	_
and talk to people before letting them into the building				\$		\$	-	\$	-	\$	-
6 Installation Harware		1	EA	\$	=	\$	180.00	\$	17.10	\$	197.1
25				\$	-	\$	· -	\$		\$	
Sub-Total:		a Administration	Maria de la composição de	\$	6,847.44	\$	3,116.30	\$	296.05	\$	10,259.7
Viewsonic Interactive Display Board 65" Viewsonic Interactive Display Board 75" Shiiping Charges	IFP7550 IFP6560	20 20 1	EA EA EA	\$ \$ \$	2,853.10 2,853.10 - -	\$ \$ \$	65,351.76 73,199.76 756.00	\$ \$ \$	6,208.42 6,953.98 71.82	\$ \$ \$	74,413.3 83,006.8 827.8
Sub-Total:				\$	5,706.20	\$	139,307.52	\$	13,234.21	\$	158,247.9
2 Item 12 1 Interactive Displays and Mounting service for Item 11	Diversitrack Hover Mount	20	EA	1\$	2,853.10	\$	8,280.00	\$	786.60	\$	11,919.7
2	STOCKE CONTROLLER			\$	-	\$	-	\$	-	\$,010.7
5				\$	-	\$		\$	-	\$	_
Sub-Total:				\$	2,853.10	\$	8,280.00	\$	786.60	\$	11,919.7
		TOTA	AL:	\$	48,870.05	\$	184,298.93	\$	17,508.40	\$	250,677.3

Tax 9.50%

Quote is valid for 60 days from above date.

All Labor and Material is guaranteed for 1 year from from acceptance date. (4% Price increase Yearly to cover material increase cost)

You are hereby authorized to furnish all material, equipment and labor required to complete the work described in the proposal for which the undersigned agrees to pay the amount stated in said proposal and according to the terms thereof. Any change involving extra cost of labor or materials will be executed only after submission and acceptance of written change.

DATE:	2018	SIGNATURE	
DATE	2010	SIGNATURE	



Section 2 - Proposed Solution

FTSI is proposing an Superior Essex/Ortrnoics Solutions to meet the telecommunications needs of the District.

FTSI acknowledges the District's Construction Schedule for January-February 2019, can be accommodated, as specified in the RFP.

Please note, any low voltage systems that have not been clarified will be reviewed with the District prior to any trade work.

FTSI qualifies to install low voltage systems per the RFP, the systems that were selected as No Bid, could be evaluated post award and proposed a cost effective solution, to meet the Districts needs.

Exclusions to this bid:

- Any electronic hardware not specified in the RFP.
- Any conduit and J-hook support as specified in the RFP.



Detailed Implementation Strategy

- Project Meeting and Introduction (Pre-Construction)
- Procurement (Purchasing Planning and Lead times)
- Create Project Schedule and Installation tracking
- Project Meeting with Project Managers, Site Foreman and Technicians (Everyone Understanding the project and Objective)
- Site Survey of each School and IDF location prior to Job start. (This in order to prevent any unforeseen issues)
- IDF Cabinet Cut over approach- We believe with the proposed Cabinet(IDF) types this will eliminate many difficulties with the cut over by having removable glands on the sub-panels permitting easy access for existing cabling and Patch panels
- Daily tracking and Reports will be submitted to the District IT Staff (This
 in order to keep them informed of any issues so they could be resolved
 first thing)
- Trash Disposal and daily clean up log sheet will be implemented.
- Weekly Meetings will be established with the District in order to make sure we are on track with our completion time line.
- Upon completion of each IDF Cut-Over we will perform Quality control reports (Fiber-Copper-Switches-Misc. Devices-Labeling)
- Upon completion of each site we will prepare the required close-out documentations.



•	Final close out Meeting with the District and Performance reports upon
	complete of the Project.



Section 3 – Company Profile – Federal Technology Solutions, Inc.

Since 2001, FTSI has been a leader in the the industry as a small minority owed company. FTSI has successfully collaborated with many federal, state, and local government customers, providing IT security, wireless networks, outside plant construction, engineering and design, cabling and IT solutions to meet the unique needs of our customers. For each project, FTSI utilizes technical staff to provide professional design, construction and technological services and products utilizing the most up to date technology, to support and enhance the work of our customers, and ultimately the end users. FTSI is fully able to provide IT commodity and commodity solutions to all of customers.

FTSI has excellent relationships with School Districts, including E-RATE Customers, including:

- Santa Ana Unified School District
- Irvine Unified School District
- Newhall Unified School District
- Long Beach Union School District
- Menifee Unified School District
- Ocean View Unified School District
- Anaheim Union School District
- Covina Valley Unified School District
- Murrieta Valley Unified School District
- El Camino Community College District
- University of California, Los Angeles
- California State University, Long Beach



Additionally, we have had the unique opportunity to support the various domains within the branches of the US government. Our non-exhaustive list of government clients include, the US Coast Guard, Defense Information System Agency, Federal Reserve Bank, 29 Palms Marine Corps, StratCom, Offutt Air Force Base, NE, SPAWAR, US Marine Corp. Bases in Camp Pendleton, Miramar, 29 Palms, Yuma, AZ, and US Army Corps of Engineers, to name a few.

FTSI has a multidisciplinary team within the organization, which utilizes all of the professional experience to adequately review our application process and the referrals of available positions. This is accomplished through FTSI's long-standing expertise in the field of applying acceptable standards and the continued education for which is required to complete our work on schedule. Many of our leadership staff has started their career in the field and is very accustomed to understanding the skill level of appropriate candidates for specific positions.



FTSI Principal Lines of Business – Technology Solutions

We design, engineer, construct, install and maintain all voice, data, video and utility infrastructure for public and private businesses, local and regional municipalities, and state, federal and military government agencies.

» Engineering and Design Services

- CADD Design & Plan Development
- Specifications & Technical publication
- LAN,MAN, & WAN Design
- Voice, data, video & control applications
- Site survey
- Project & Program Management

» Premise Wiring

- Voice, Data, Video & Control
- Broadband & baseband
- Copper, Coax , Fiber & Control
- PBX & electronic key systems
- Voice mail, ACD & other services
- LAN design
- LAN administration
- System integration
- System testing
- System documentation

» Wireless Networks

- Architectural/ engineering design
- Project management
- Site/building construction
- Electrical & grounding
- Lighting protection
- Tower erection
- Antenna Installation
- Equipment shelter installation
- End-to-end testing
- Site/system maintenance
- 9 Federal Technology Solutions, Inc. I



Outside Plan Construction

- Telephone, CATV, data & control
- UTP, coaxial, optic fiber & control
- Air-blown fiber optic
- Aerial, underground & buried cable
- Trenching and plowing
- Directional boring
- Splicing
- Poles, manholes and cabinets
- Drip cable placing
- Surface restoration

» Utility Construction

- Electrical
- Trenching
- Directional boring
- Asphalt & concrete restoration
- Utility right of way clearing
- Electric transmission & distribution
- Erection of poles & towers
- Substation construction

» Additional Services

- Structured Cabling
- ISP/OSP Construction
- Wireless Networks
- Classified Wireless Networks & Classified Networks (DoD, DREN)
- Access Control & IDS
- CCTV
- Perimeter Security
- Classified Networks
- Audio Video Systems
- OSP Communication SVCS





References:

Customer Name:	Baldwin Park Unified School District
Contract Title:	18-7 Intermediate Distribution Frame
	(IDF)
Name of Reference:	Sandra Collins, Supervisor,
	Purchasing Services Department
Contact Information of Reference:	(626) 856-4226
	sdcollins822@bpusd.net
Contract Value:	\$ 262,994.00
Date of Completion:	6/12/2018-9/30/2018
Place of Performance:	Multiple Schools in the District
Description of Work Completed:	Telecommunications structured
	cabling work involving outside and
	inside plant fiber and low voltage
	systems trade work

Reference #2

Customer Name:	Murrieta Valley Unified School District
Contract Title:	Network Infrastruture Upgrades -
	Phase One
Name of Reference:	Joanyn Pearce-Miller, Purchasing
Contact Information of Reference:	(951) 696-1600 x1078
	jpearce-miller@murrieta.k12.ca.us
Contract Value:	\$ 463,894.53
Dates of Performance:	6/13/2018-8/31/2018
Place of Performance:	Various Schools within the District
Description of Work Completed:	Telecommunications structured
	cabling work involving outside and
	inside plant fiber and low voltage
	systems trade work



Reference #3

Customer Name:	Covina Valley Unified School District
Contract Title:	Installation of Clocks and Speakers
	Districtwide; Bid #17-18-110
Name of Reference:	Robin Harbert, Assistant Director of
	Purchasing
Contact Information of Reference:	626.974.7000
	rharbert@c-vusd.org
Contract Value:	\$453,313.00
Dates of Performance:	7/2018-10/2018
Place of Performance:	Schools within the District
Description of Work Completed:	Installation of Clocks and Speakers
	Districtwide

Reference #4

Customer Name:	Santa Ana Unified School District
Contract Title:	Santiago E-rate 18 Wireless
Name of Reference:	Bob Chavez, Assistant Director. Network & Computer Support Services
Contact Information of Reference:	(562) 882-7073 bob.chavez@sausd.us
Contract Value:	\$ 188,846.00
Dates of Performance:	5/1/2016-10/16/2016
Place of Performance:	Various Schools within the District
Description of Work Completed:	Infrastructure Cabling & Equipment Upgrade



Corporate Headquarters:

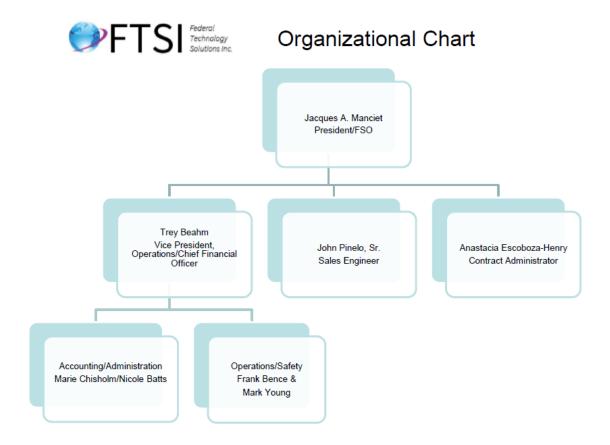
1828 Railroad **Corona, CA 92880** (951) 808-9660 Main (951) 808-9703 FAX www.federalsales.com

Title	Reference Number
Legal Status	S-Corp, State of California
California Contractor's License Number for B & C-7 and C-10,	865369, Expires October 31, 2019
Federal Tax ID #	80-0080967
California Resale/Retailer Permit	SREAA 100-361622
SPIN #	143031792
FRN#	0020516449
California State ID	C2526533
California Department of Industrial Relations Registration Number	1000003927, Expires June 30, 2019
Staffing	44 Full Time Employees

FTSI Personnel:

Name	Title	Email	Phone
Jacques A. Manciet	President	jackm@federalsales.com	(951) 808-9660 x100
Trey Beahm	Chief Financial Officer & Vice President Operations	treyb@federalsales.com	(951) 808-9660 X101
John Pinelo, Sr.	Sales Engineer	johnp@federalsales.com	(951) 808-9660 x106
Michael Beahm	Project Manager	michaelb@federalsales.com	(951) 808-9660
Frank Bence	Project Manager	frankb@federalsales.com	(951) 808-9660 x109
Mac Hernandez	Superintendent	mach@federalsales.com	(951) 808-9660 x108

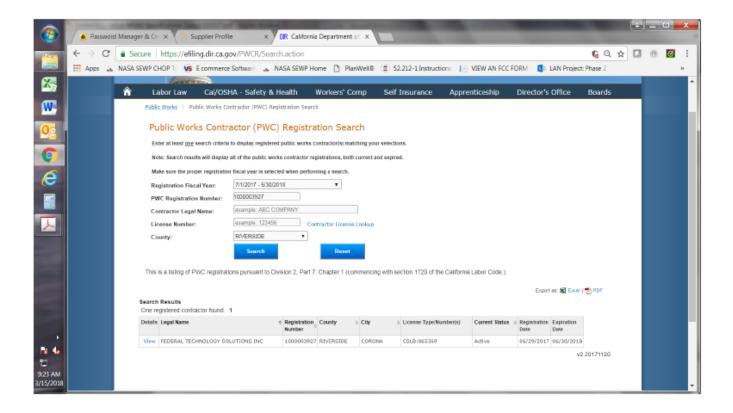
















CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 3/22/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to

	e terms and conditions of the policy ertificate holder in lieu of such endor							is certificate does not c	onfer	rights to the
PRO	DUCER				CONTAI NAME:	CT Noel Ba	axter			
НМ	BD Insurance Services, 1	nc.			PHONE	Futty (562)	439-9731	FAX (A/C, No):	(562) 4	39-4453
36	33 East Broadway				E-MAIL ADDRE	ss: nbaxte:	r@hmbd.com	n		
l								IDING COVERAGE		NAIC #
Lo	ng Beach CA 90	803	-60	35	INSURE	RAITrave	lers Pro	p Cas Co of Ame:	r.	25674
INSL	RED				INSURE	RB:				
Fe	deral Technology Solutio	ns,	In	ic.	INSURE	RC:				
18	28 Railroad Street				INSURE	RD:				
l					INSURE	RE:				
Co	rona CA 92	880			INSURE	RF:				
CO	VERAGES CER	TIFIC	CATE	ENUMBER:18-19 All	Line	8		REVISION NUMBER:		
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	GENERAL LIABILITY							EACH OCCURRENCE	8	1,000,000
l	X COMMERCIAL GENERAL LIABILITY							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$	500,000
A	CLAMS-MADE X OCCUR			ZLP-51M54094		3/1/2018	3/1/2019	MED EXP (Any one person)	\$	10,000
l								PERSONAL & ADV INJURY	8	1,000,000
l								GENERAL AGGREGATE	5	2,000,000
l	GEN'L AGGREGATE LIMIT APPLIES PER:							PRODUCTS - COMP/OP AGG	8	2,000,000
\vdash	POLICY X FOT LOC		_						8	
l	AUTOMOBILE LIABILITY							(Ea accident)	5	1,000,000
A	ALLOWNED SCHEDULED			L				BODILY INJURY (Per person)	8	
	AUTOS AUTOS			BA-8G727446		3/1/2018	3/1/2019	PROPERTY DAMAGE	-	
l	X HRED AUTOS X NON-OWNED							(Per accident)	5	
╙			_						8	
l	UMBRELLA LIAB X OCCUR							EACH OCCURRENCE	\$	4,000,000
A	X EXCESS LIAB CLAIMS-MADE							AGGREGATE	8	4,000,000
L	DED RETENTION 8		_	ZUP-71M51978		3/1/2018	3/1/2019		5	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y I N							X WC STATU- TORY LIMITS OTH- ER		
l	ANY PROPRIETOR/PARTNER/EXECUTIVE Y	N/A						E.L. EACH ACCIDENT	8	1,000,000
l	(Mandatory in NH) If yes, describe under			0K25185A		3/1/2018	3/1/2019	E.L. DISEASE - EA EMPLOYEE	5	1,000,000
╙	DESCRIPTION OF OPERATIONS below	_	_					E.L. DISEASE - POLICY LIMIT	8	1,000,000

Evidence of coverage

CERTIFICATE HOLDER	CANCELLATION
Evidence of coverage	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE
	Todd Miller/GOWENS

ACORD 25 (2010/05) INS025 (201005).01

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Federal Technology Solutions, Inc. I



Manufacturer Certifications





Corning Optical Communications Network of Preferred Installers

Federal Technology Solutions Inc (FTSI)

Certified Member

2018 Member in Good Standing







Legrand acknowledges

Federal Technology Solutions Inc

of

Corona, California

is Certified at the Certified Installer Plus (CIP) tier for the period

May 23, 2018 to December 31, 2018

This certification allows the installer to offer the nCompass Standard and Premium Performance Limited Lifetime Warranties for properly registered and approved projects in California.

Warranty for projects outside California must be pre-approved.

Cipatria & Mortstaan	20054
Director of Technical Support and Training	Registration Number



High Performance Cabling Systems



Legrand and Superior Essex acknowledge that

Federal Technology Solutions Inc

1530 Consumer Circle #102 Corona CA 92880 United States

is a Certified Contractor in good standing as a premier

Certified Installer Plus

As a Certified Installer Plus (CIP), Federal Technology Solutions Inc supports and provides the Legrand and Superior Essex nCompass Limited Lifetime Warranty - Standard Performance and the nCompass Limited Lifetime Warranty - Premium Performance.

www.nCompass-systems.com



SIEMON CI* CERTIFICATION

This is to certify that

Federal Technology Solutions Inc.

of

Corona, CA

has been approved by The Siemon Company as a Certified InstallerSM to design, install and administer the Siemon Cabling System®.

Installations that comply with all Siemon Cabling System® design, installation and administration procedures and use Siemon authorized products and qualified cable may be registered and are eligible for the applicable Siemon Cabling System® warranty.

Original Approval: June 2, 2006 Current Certificate: September 28, 2017 Date of Expiration: September 28, 2019





Resumes

Jacques A Manciet

email: jackm@federalsales.com

SUMMARY

An accomplished professional with a wide range of skills developed over 30 years of experience. Self-starter meeting project deadlines and requirements while performing multiple tasks within a fast-paced environment.

EXPERIENCE

Federal Technology Solutions Inc.

Corona, CA

January 2001 – Present

President / CFO

Currently, provides leadership, daily management and oversight of all aspects of business development, marketing, fiscal responsibility, contract administration, personnel and sales to meet objectives, contract scopes of work, and developing relationships with industry partners and vendors. FTSI is a robust organization through the participation in GSA IT programs including, GWAC 8(a) STARS II, SEWP V, SeaPort-e, CMAS and other Information Technology contract vehicles. Provides leadership, daily management and process improvement for all client experience including forecasting and staff planning, scheduling, quality performance monitoring, ongoing performance improvement processes. Create structure and processes necessary to manage the organization's current activities and projected growth.

Gemini Associates Inc.

Irvine, CA

June 1984 - December 2000

VP Business Development

Began at Gemini Associates, Inc. providing peripheral hardware to end user accounts. Promoted to Vice President of Sales & Marketing to develop new accounts and implement the 8(a) program, along with usage of BPA's, BOA's and GSA Schedule. Developed federal business within Gemini Associates utilizing various purchasing vehicles. Instrumental in Gemini Associates' HUBZone certification. Provided a productive positive relationship with customers acting as their advocate; manage escalated customer support issues - including but not limited to - issues with operations, technology and other provided services.

CERTIFICATIONS / LICENSES

- California Contractor Electrical License #865369: B, C-7, and C-10
- Confined Space
- AMAG, AMP, Corning, Brocade, CommScope, FiberSensys, Hirsch Electronics, Siemon, Sumitomo

Security Facility Officer: Security Clearance: Department of Defense, Secret Clearance

EDUCATION

Long Beach State University Long Beach, CA

each, CA

University of Southern California Viterbi School of Engineering, 2014 University of Southern California Information Security Training, 2014

REFERENCES

Available upon request

1979-1983



Trey Beahm

email: treyb@federalsales.com

SUMMARY

An accomplished sales professional with over 30 years of hands on, technical, project management and sales experience, achieved through continuous training and growth in the Southern California Area.

EXPERIENCE

Federal Technology Solutions, Inc.

Corona, CA

2009- Present

VP of Operations/Chief Financial Officer/Safety Office

Responsible for running the daily operations and delivery of projects. Responsible for resource management and job site safety. Currently on the board of directors for Association of Building Contractors (ABC). Actively holding the following certifications: Confined Space, CPR, OSHA 10/30

HMC Architects

October 2008 – August 2009

Accounting Manager

Responsible for the daily operations of accounts payable, payroll, and cash management as well as the monthly financial reporting and yearly budgeting including the balance sheet accounts

Volt Telecommunications Group, Inc.

November 2005 - September 2008

Director of Operations

Responsible for the P/L results of the various operational units within the division. Worked with and manage various customer expectations and ensure compliance with contract requirements. Guided and directed management in the development, production, promotion and financial aspects of the organization and its products. Created the structure and processes necessary to manage the organization's current activities and its project growth. Oversaw the management and movement of all fleet activity and company fixed assets and managed the organizations Safety and Loss Department.

Volt Telecommunications Group, Inc.

November 1996 – November 2005

Controller

Lead member of management team responsible for the successful installation of two separate integrated accounting and job costing software systems, (1995 and 2000). Critical member of senior management team responsible for growing business from \$8 to \$170 million dollars. Responsible for all accounting aspects, accounts payable, accounts receivable, customer billing, purchasing and payroll for an organization that topped 3000 employees. Compilation and review of monthly, financial statements. Compilation of Quarterly financial package and narrative to parent company, Volt Information Sciences, Inc. Preparation of the annual budget package along with presenting it to the Board of Directors

Accounting/Financial Manager

February 1992 - November 1996

Responsible for reviewing financial reports on weekly and monthly basis. Performed trend analysis and job costing review for various Divisions. Preparation and review of all journal entries. Preparation and review of all account analysis associated with the general ledger. Reconciliation and review of all company bank accounts



Trey Beahm

email: treyb@federalsales.com

including petty cash and trade accounts. Reconciliation of company health benefits plans. Assisted in the preparation on the corporate yearly budget package. Assisted in the training of new Operation Managers in regards to the accounting functions and budget process

District Accounting Manager

October 1984 to February 1992

Accounts Receivable Manager

Windows - All versions including NT

August 1982 to February 1991

San Diego State University, School of Accounting, Bachelor of Science Accounting, Math Minor

PeopleSoft: HRMS, Base Benefits, Payroll, Time & Labor, A/P, Projects, A/R and Billing (versions 7.5, 8.3) PeopleSoft Classes: Accounts Payable, Projects, A/R, Billing Excellent verbal and written communication skills

REFERENCES

Available upon request



JOHN A. PINELO SR.

OBJECTIVE

I am a highly motivated and experienced professional seeking a rewarding and challenging position with a progressive company where I may utilize my present skills. I am also interested in developing additional skills to meet the goals of your organization.

PROFESSIONAL EXPERIENCE

2016 - Present Federal Technology Solutions, Inc. Corona, CA

Sales Engineer

Sales and Business development

Estimating and Project Proposals

Project overview and Analysis

Compliance of Product Certifications

2016 - Present ABC Associated Builders and Contractors, Inc.

Low Voltage, EST Instructor Level 1

Training and Teaching Basic knowledge of the Low Voltage Industry

2013- 2016 GA Technical Services Inc. Upland, CA

Sr. Project Manager / Estimator

Project Manage, Plan, Coordinate and Execute all Active Projects (Low Voltage, Constructions and Electrical)

Estimate all Low Voltage projects (Data, Voice and Fiber)

2012 - Present Pinelo Communications C-7 License

Owner, Telecommunication Services/ Consultant

2005 - 2011 Action Electric Corporation Santa Ana, CA

Telecommunications Manager

Supervised a team of up to 15 Technicians.

Ensure quantry of materials and pricing were accurate and complete as well as track product submittals.

Experience with estimating and completing Commercial and Retail projects.

Worked closely with all vendors as well as sales team to ensure best pricing availability.

Tracked project resources such as labor, equipment and materials.

Experienced using Cat5e, Cat6, Fiber and high pair cabling.



2003 - 2005 Telecommunications Designs Occidental, CA

Lead Technician/Project Manager

Telephone systems installations and services. Managed Operations and delegated Technicians accordingly. Installations of CAT5e cabling for data and phones. (Retail and Commercial)

1990 - 2003 E.J Evans Electric Inc.

El Monte, CA

Shop Stuart, Driver, Material Handler, Helper, Sound Installer, Foreman

Managed all materials in warehouse for all projects.

Delivered and set up all materials for new projects.

Helper for all electrical and communications projects.

Promoted to Sound Installer, basic CAT5e installations and terminations.

Served as a Foreman- I was a Biesi installer and performed all installations per Industry standards.

LANGUAGES

Bilingual - Spanish

SPECIAL SKILLS

-Type 40 WPM, 10 keys by touch, Strong analytical and organizational skills, excellent interpersonal skills, phone manners, and office etiquette. Multi-task-oriented.

-Software: All Windows operating systems, Microsoft Word, Excel, WordPerfect, PowerPoint. Good Driving record.

CAT5E, CAT6, Fiber and Coax cabling Installations and trouble shooting.

EDUCATION

1984 - 1988 Pasadena High School

Pasadena, CA

General Education

1990-1992 East Los Angeles College

Los Angeles, CA

Real estate 1 and Business 1

1998 Fontana Adult Education

Fontana, CA

High School Equivalency Certificate

Professional Certifications

- 2002-2002 Registered Cabling installation installer by BICSI
- 2010-2012 Certified Cabling Test Technician by Fluke networks
- 2007 DD102 Designing Telecommunications Distribution Systems by BICSI
- 2011 Voice Data Video prep course by ETT



- 2000 Security Surveillance by ETT
- 2000 Leviton (Category 5) by ETT
- 2002 Leviton Telecom Fiber Optic by Leviton

REFFERALS Personal

Danny Barrios 909-520-4971 Sam Rosamilia 626-786-5479

Employers

- Action Electric Corporation-714-972-4838 Sam Rosamilia
- Telecommunications Designs 707-874-7920 Bryan Cates
- GA Technical Services Inc. 909-981-8600 Frank Cervantes



Frank Bence

Summary

I am currently available and my most recent employment was as an Operations/Project Manager III with experience in small to large-scale telecommunications systems installations, DTV installation and repair and residential I&R. I am a highly Technical Project Manager with extensive experience on the Ericsson MD110 platform and more recently Nortel product set.

Professional Experience

11/09 to Present

Federal Technology Solutions Inc.

Operations Manager

- Responsible for day-to day scheduling of service and installation to support ongoing copper and fiber infrastructure projects.
- Manage material procurement and distribution to support on-going projects
- Support existing PDS Service Contract customer base

12/06 - 12/08

Volt Telecom Grp

Operations Manager

- Responsible for day-to day service and installation of Nortel products.
- Provide Installation and material quotes Nortel BCM as well as small cable infrastructure projects.
- Responsible for I&R crew of 30+ techs servicing residential and small business throughout the Central and Western US.

3/03 - 7/06

Project Manager III - Blackbox

In 3/03 Blackbox acquired Norstan. I stayed on as a PM and managed various projects for Norstan and Black Box. Responsibilities included review of the opportunity, risk assessment, budget and project plan development, resource assignment, equipment orders and project management to completion. Some recent major accomplishments

- City Of Mesa Citywide PABX Installation
- County of Riverside BC12 Upgrade and site consolidation of over 100 Lims.
- UMASS Worcester First IP upgrade of PABX system in a major Medical facility.

1/01 - 3/03

Sr. Operations/Branch Manager - Norstan

In Jan of 01, Norstan acquired the Ericsson installed base and distribution rights for the product. I was retained and responsible for West Coast Operations for Norstan. I had 20 direct reports at the time and responsible for the implementation and service to West Coast customer base for PABX, VM, CC and various ancillary telecommunications products. I maintained an office in the Riverside area that served as a depot and test lab to better facilitate the local customers needs.



- County of Riverside
- City of Riverside
- CSU Long Beach
- LA County Office of Education
- UC Santa Cruz
- San Diego State University
- Holland America Cruise
- Seattle University

1992-12/2000

Sr. Project Manager/Site/Service Manager - Ericsson

I was responsible for Implementation and service Ericsson installed base and primarily in the Riverside County area, predominantly to the City and County of Riverside. During this time I interacted with County and City representatives to do job walks, review Infrastructure and System designs and provide fixed price quotes for those designs. I would engage a qualified 3rd party subcontractor to provide the labor and management for the infrastructure implementation. Programming, system turn-up, cutover and in-service support was provided by a staffed Ericsson certified technician.

My role as Site Manager eventually branched out to also include the Northwest and Southwest regions. I had approximately 15 direct reports that had primary focus on the Ericsson MD110. Had management and budget responsibility for a cost center and facility in Riverside as well as Phoenix.

1985-92

Associate - Sr. Project Manager – Ericsson

Had responsibility for various PABX and ISP/OSP implementations throughout the US with a primary focus on Riverside County and City. I helped the County expand their telecommunications system to approximately 20,000 lines.

I finished and successfully CUTOVER the City of Phoenix.

1983-85

SR. Engineer – Anaconda Ericsson

Ericsson acquired Anaconda and its engineering and sales staff to assist with the Introduction of the MD110 into the US market. I was involved with a sustaining and development engineering responsibility for other ANACONDA-ERICSSON ventures as well as the product development and introduction of the Ericsson MD110.

1980-83

Jr. Engineer - Anaconda

I was a member of the hardware design team for the Anaconda Prodigy PABX. My major responsibility was the FCC Part 68 acceptance testing.

1978-80

Engineer - Anaconda

Sustaining engineering for PBX (CNC). Responsible for FCC compliance testing of switch port interfaces (trunks, line cards).

Lead Test Technician - Anaconda

1976-1978



Test Technician - Control Networks Corp. Chicago IL.

1975-1976

Education

High School, J.S. Morton East, Cicero, II. Graduated 1972

United Technical Institute, Milwaukee, Wl. Proficiency Degree Electronic Engineering Graduated 1974

Misc. Training`

Global Knowledge, Custom Project Management Course – 2006
Mod-Tap Copper & Fiber Certification -1996
Loraine Power Training - 1995
CareerTrack, Management Effectiveness - 1992
Keye Supervision – 1990
San Diego State University, Project Management -1988
Telcom Technologies Hardware Installation & Maintenance - 1987
Harris Farinon Microwave Hardware Maintenance - 1986
Ericsson MD110 Rel 4 -1985



www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Magnolia Public Schools

250 East First Street, Suite 1500 Los Angeles, CA 90012

REF: MSA-1 Cabling Services Magnolia Science Academy-1 Cabling Services

Bid Date: November 09, 2018



www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

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Cover Letter
 Company's Profile
 Itemized Breakdown of Equipment and Services
 Terms of Warranty
 Timeline for Product Delivery and Services
 References
 Company's Other Documentation



www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Cover Letter



www.AAAnsi.com 8401 Page Street, Buena Park, CA 90621 714.484.2711 Phone • 714.484.2994 Fax

November 01, 2018

Magnolia Public Schools 250 East First Street, Suite 1500 Los Angeles, CA 90012

REF: MSA-1 Cabling Services 2018 - (Magnolia Science Academy-1 Cabling Services)

Dear Sir or Madam:

AAA Network Solutions, Inc. has great interest in bidding on the above referenced project.

Our cost proposal was prepared in accordance with the instructions outlined in the bid package. We have read and thoroughly understand all of the terms and conditions set forth in the RFP. (Some documentation may still reference our previous company name, AAA Solar Electric, Inc.)

AAA Network Solutions, Inc. is a bonded and licensed (C-7 & C-10) contractor. AAA has been providing turnkey I.T. Networking and Telecommunication Services to California K-12 public and private schools and state and local governments since 1994.

Our services include but not limited to:

- Turnkey LAN / WLAN Network Systems Design and Implementation
- UC Collaboration Services
- Professional Consultation and Management Services
- Mass Notification Systems / Public Address Systems Design and Installation
- Physical Security System (CCTV) Design and Installation
- Audio / Visual (A.V.) Systems Design and Installation
- Structured Telecommunications Cabling System Design and Installation

The person authorized to negotiate the contract and main point of contact regarding any clarification on submittals or notifications will be:

David Ngo, Sr. Vice President P: (714) 484 - 2711 F: (714) 484 - 2994

dngo@aaansi.com

AAA Network Solutions, Inc. understands and shall complies with all public works requirements including; prevailing wages, certified payroll, apprenticeship programs, labor audits, regulations, and expectations. We are confident that our experiences technical team will successfully meet the required specifications to the clients' satisfaction.

AAA Network Solutions, Inc. acknowledges receipt of the following addendum(s) listed below.

Addendum 1 Dated: 11/01/18

We thank you again for the opportunity to submit our proposal for your review and consideration. We look forward to doing business with you.

Sincerely,

David Ngo

David Ngo, Sr. Vice President dngo@aaansi.com



www.aansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Company Profile



COMPANY PROFILE

AAA Network Solutions, Inc. was originally incorporated in 1994 in Anaheim, CA under the name AMI Electrical & Telecom, Inc. In April 2009, the name was changed to AAA Solar Electric, Inc. Over the years, there was exponential growth in the IT division, so the company changed its name to AAA Network Solutions, Inc. in 2015. The headquarters was then relocated to a 55,000 square foot facility in Buena Park, CA to accommodate more employees, obtain more workspace for the facilitating of equipment configuration, and expand the storage capabilities of the warehouse in 2015.

AAA Network Solutions, Inc. has been providing turn-key telecommunication system installations for the K-12 Education Industry. Services performed was a combination of structured telecommunications cabling, LAN system integration and wireless networking services, conduit system installation and electrical services, and solar energy renewable systems design and installation.

AAA Network Solutions, Inc. specializes in providing services to the sector of K-12 schools in California and has been providing services to public schools, private schools, state, and local governments over the past 22 years, and successfully completed multiple E-Rate projects. AAA Network Solutions, Inc. ranked #5 in California and #10 in the nation in 2015 for most funded projects for E-Rate category 2. AAA Network Solutions, Inc. has been involved with the E-Rate program since E-Rate year 1 making AAA Network Solutions, Inc. very familiar with all the E-Rate guidelines and requirements.

AAA Network Solutions, Inc. has worked with the largest school districts in California and in the nation, the project highlights are listed below:

- Los Angeles Unified School District (2nd largest school district in the nation)
 - Information Technology Division \$39,356,920.18
 RFP 1090, Package 1, 2, 3, & 4 (77 Schools)
 Full scale LAN/WLAN system design, on/off site engineering, configuration and installation of Cat6 & Fiber Optic Infrastructure Systems, Cisco networking equipment.
 - Information Technology Division \$13,900,000
 RFP 1082, Package 1 & 2 (32 Schools)
 Full scale LAN/WLAN system design, on/off site engineering, configuration and installation of Cat6 & Fiber Optic Infrastructure Systems, Cisco networking equipment.
 - Information Technology Division
 \$18,631,484.32
 2015LE, Packages 1, 2, 3 (205 Schools)
 Full scale LAN/WLAN system design, engineering, configuration and installation of Alcatel networking equipment.

Facilities Division \$3.570.171.10

Network Equipment for 227 Schools

LAN/WLAN system design, on/off site engineering, configuration and installation of Alcatel-Lucent LAN switches.

 Job Order Contracts Division \$30,000,000
 Over 200 schools
 Miscellaneous job order contracts including type 2 constructions and installation of networking equipment.

- Archdiocese of Los Angeles (Largest Catholic school district nationwide)
 - 0 \$12,000,000.00

Over 175 schools

Complete design-build engineering and turnkey-installation of LAN wired and wireless network systems, network cabling system, electronics networking equipment, electrical/conduit systems and Audio Visual systems.

- Fresno Unified School District (3rd largest school district in California)
 - 0 \$17,000,000.00

Over 109 schools

Complete design-build engineering and turnkey-installation of LAN wired and wireless network systems, network cabling system, electronics networking equipment, electrical/conduit systems and Audio Visual systems.

AAA Network Solutions, Inc. provides a variety of technology services to public and private schools, as well as state and local governments, as an electrical and telecommunications contractor, specializing in the education industry.

AAA Network Solutions, Inc. works under the E-Rate program, is registered with the FCC program, and holds California CMAS contracts. Support documentation of this is included within the proposal.

AAA Network Solutions, Inc. provides the following services:

- Turnkey LAN / WLAN Network Systems Design and Implementation
- UC Collaboration Services
- Professional Consultation and Management Services
- Mass Notification Systems / Public Address Systems Design and Installation
- Physical Security System (CCTV) Design and Installation
- Audio / Visual (A.V.) Systems Design and Installation
- Structured Telecommunications Cabling System Design and Installation

AAA Network Solutions, Inc. is a certified electrical contractor and carries the C7 & C10 Contractor's License and has an experienced and knowledgeable staff on hand. AAA Network Solutions, Inc. staff has increased in size since 1994 and currently consists of 120 employees excluding the 10 subcontractors that the company is partnered with. We are certified with multiple manufacturers including but not limited to:





















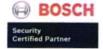




























































Meet customer's needs, expectations, and budget!

www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Itemized Breakdown of Product and Services

Magnolia Public Schools Magnolia Science Academy-1 Cabling Services

	Cost Pro Magnolia Pul		ls	(2.3/1)			44.00g			
Descriptions	Part Number	MFTR	Unit	QTY	Ext. Material	Ext. Labor	Sub-Total	Sale Tax	Bonds	Total
Cable Installation	Sites=	1			Waterial	-				
Cat 6 Data Cable - Quad Drop x 27 =			Toy !	108		THE			STATE OF THE PARTY.	
Cat 6 Data Cable - TV drop x 22 =		Constitution of the consti		22	La					
Cat 6 Data Cable - Teacher desk - Dual drop x 22 =		(1249) PA (1)		44						
Cat 6 Data Cable - Dual outlet x 15 =	Uniprise	Commscope	EA	30						
Cat 6 Data Cable - WAP outlet x 22 =		0.00	100	22						
Cat 6 Data Cable - CCTV outlet x 20 =				20						
Cat 6 Data Cable - P/A outlet x 47 =		Set .		47						14160
Single Cat 6 RJ45 Jack - Closet	UNJ600-BL	Uniprise	EA	293	\$1,758.00	\$1,758.00	\$3,516.00	\$167.01	\$73.66	\$3,756.67
Cat 6 Data Patch Cable - 3'	UC1BBB2-0ZF003	Uniprise	EA	293	\$1,758.00	\$879.00	\$2,637.00	\$167.01	\$56.08	\$2,860.09
Cat 6 Data Patch Cable - 5'	UC1BBB2-0ZF005	Uniprise	EA	293	\$1,758.00	\$879.00	\$2,637.00	\$167.01	\$56.08	\$2,860.09
Cat 6 CMR Data Cable	CS34R	Uniprise	FT	43950	\$7,471.50	\$35,160.00	41	\$709.79	\$866.83	\$44,208.12
Cable Attachment Units	Cat32	Caddy	EA	586	\$2,344.00	\$5,274.00	\$7,618.00	\$222.68	\$156.81	\$7,997.49
System Labeling, Testing & Certification	Services	AAA	EA	293	\$146.50	\$1,758.00		\$13.92	\$38.37	\$1,956.79
Cat 6 Patch Panel 24-Port	760180042	Uniprise	EA	14	\$2,310.00	\$840.00	\$3,150.00	\$219.45	\$67.39	\$3,436.84
Fire Retardant Material	MPS-2	3M	EA	2	\$50.00	\$120.00	\$170.00	\$4.75	\$3.50	\$178.25
25ft HDMI Cables		Uniprise	EA	24	\$2,280.00	\$2,880.00	\$5,160.00	\$216.60	\$107.53	\$5,484.13
Male to female HDMI adapters		Uniprise	EA	24	\$288.00	\$360.00	\$648.00	\$27.36	\$13.51	\$688.87
12MM OM3 Fiber	760086371	Uniprise	FT	200	\$350.00	\$600.00	\$950.00	\$33.25	\$19.67	\$1,002.92
1u Fiber Tray	760231449	Uniprise	EA	3	\$855.00	\$180.00	\$1,035.00	\$81.23	\$22.32	\$1,138.55
12 port Adapter Panel	1374463-5	Uniprise	EA	3	\$225.00	\$45.00	\$270.00	\$21.38	\$5.83	\$297.20
LC Conncetors	1918385-3	Uniprise	EA	48	\$336.00	\$864.00	\$1,200.00	\$31.92	\$24.64	\$1,256,56
LC/LC FO Patch Cord - 3'	FEXLCLC42-MXM001	Uniprise	EA	6	\$210.00	\$18.00	\$228.00	\$19.95	\$4.96	\$252.91
Labeling / Testing & CertificationCable		AAA	EA	48	\$36.00	\$288.00	\$324.00	\$3.42	\$6.55	\$333.97
48"x24"x30" Cabinet	SR25UB	TrippLite	EA	2	\$2,500.00	\$720.00	\$3,220.00	\$237.50	\$69.15	\$3,526.65
84"x24"x32"D 4 Post Rack	SR42UBMDEXPND	TrippLite	EA	1	\$850.00	\$360.00	\$1,210.00	\$80.75	\$25.82	\$1,316.57
Installation of 84" floor mount Cabinet - SR42UB / DUMH20HV / SRFANROOF	SR42UB	TrippLite	EA	1	\$2,250.00	\$960.00	\$3,210.00	\$213.75	\$68.48	\$3,492.23
CISCO SWITCHES		Thepeno			\$2,200.00	\$300.00	Ψ0,210.00	Ψ210.70	Ψ00.40	\$5,432.25
Catalyst 2960-X 48 GigE PoE 740W, 2 x 10G SFP+, LAN Base	WS-C2960X-48FPD-L	Cisco	EA	7	\$26,761.00	\$1,330.00			\$612.67	\$31,245.96
SNTC-NO RMA Catalyst 2960-X 48 GigE PoE 740W, 2 x 10	CON-SW-WSC296XL	Cisco	EA	7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AC Power cord, 16AWG BELL SYSTEM	CAB-16AWG-AC	Cisco	EA	7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enhanced Application Server Pro (100 end points)	VE6025	Valcom	EA	1	\$8,625.00	\$1,040,00	#0.66E.00	6010 20	6200 60	610 604 06
Dual Network Station (FXS) Port (Rack Mnt)	VE8012BR	Valcom	EA	1	\$418.77	\$1,040.00 \$130.00	\$9,665.00 \$548.77	\$819.38 \$39.78	\$209.69 \$11.77	\$10,694.06 \$600.33
Administrative Telephone	VEADP3	Valcom	EA	1	\$171.35	\$150.00	\$187.60	\$16.28	\$4.08	\$207.96
IP One-Way/Talkback Lay-in Ceiling Speaker	VEAD23	Valcom	EA	22	\$9,589.97	\$1,430.00		\$911.05	\$238.62	\$12,169.63
IP One-Way FlexHorn (Gray)	VE4080AL-GY	Valcom	EA	2	\$828.12	\$1,430.00	\$11,019.97	\$78.67	\$238.62	\$12,169.63
Vandal Resistant FlexHorn Enclosure & Faceplate	V-9809	Valcom	EA	2	\$124.55	\$130.00	\$254.55	\$11.83	\$5.33	\$1,057.52
IP One-Way/Talkback Square Faceplate 8" Speaker, White	VE4028A	Valcom	EA	23	\$8,015.67	\$1,495.00	\$9,510.67	\$761.49	\$205.44	
Type 11 Surface Backbox	VB-S11	Valcom	EA	23	\$1,030.23	\$373.75	\$1,403.98	\$97.87	\$30.04	\$1,531.89
Remote Input Module	V-9130-W	Valcom	FT	1	\$42.61	\$16.25	\$58.86	\$4.05	\$1.26	\$64.16
Wireless Master Clock Transceiver	V-WMCA	Valcom	EA	1	\$1,711.95	\$32.50		\$162.64	\$38.14	\$1,945.22
THE PROPERTY OF THE PROPERTY O		Valcom	EA	45	\$5,578.65	\$2,925.00	\$8,503.65	\$529.97	\$180.67	\$9,214.29
12" Round Wireless Clock/Repeater Surface Mount Battery	V-AVV12B									
12" Round Wireless Clock/Repeater, Surface Mount, Battery 16" Round Wireless Clock/Repeater, Surface Mount, Battery	V-AW12B V-AW16B	Valcom	EA	1	\$168.37	\$65.00	\$233.37	\$16.00	\$4.99	\$254.35

Bid Date: 11/09/2018 @ 5pm AAA Network Solutions, Inc 11/9/2018

Magnolia Public Schools Magnolia Science Academy-1 Cabling Services

\$2.86 \$22.42 \$335.73 \$152.00 \$152.00 \$7 \$98.33 \$7 \$74.50 \$7 \$21.77	\$14.96 \$8.97 \$149.59 \$45.44	\$457.39 \$7,629.32 \$2,317.44
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7 \$74.50 7 \$21.77	\$23.87	
7 \$74.50 7 \$21.77		\$1,217.2
\$21.77	\$18.37	\$937.04
	\$6.22	\$317.16
5 \$13.00	\$4.20	\$214.05
2 \$17.03	\$4.20	
		\$230.7
\$13.93	\$3.81	\$194.37
\$14.03	\$5.64	\$287.39
\$6.81	\$3.37	\$171.87
\$1.24	\$2.09	\$106.36
2 \$2.17	\$2.30	\$117.29
\$22.40	\$6.96	\$355.11
\$2.73	\$1.23	\$62.7
\$2.73	\$1.23	\$62.71
\$3.71	\$2.06	\$104.87
\$7.13	\$2.24	\$114.37
\$2.28		\$63.53
\$0.38	\$0.81	\$41.19
\$9.69	\$16.63	\$848.32
\$14.25	\$5.69	\$289.94
\$0.38	\$0.57	\$28.95
\$235.13	\$61.40	\$3,131.53
\$1,187.50	\$321.75	\$16,409.25
	40.55	0.150.0
-		\$153.00
\$0.00	\$30.40	\$1,550.40
\$2.20	\$0.5E	\$486.92
4		
\$0.00	\$30.40	\$1,550.40
5 5 0 0 0 0 0	\$2.73 \$2.73 \$3.71 \$7.13 \$2.28 \$0.38 \$9.69 \$14.25 \$0.38 \$235.13 \$7,030.00 \$1,187.50 \$0.00 \$0.00	\$2.73 \$1.23 \$2.73 \$1.23 \$3.71 \$2.06 \$7.13 \$2.24 \$2.28 \$1.25 \$0.38 \$0.81 \$9.69 \$16.63 \$14.25 \$5.69 \$0.38 \$0.57 \$235.13 \$61.40 \$7,030.00 \$1,668.60 \$1,187.50 \$321.75 \$0.00 \$30.00 \$0.00 \$30.40

Total - Material Cost

Sale Taxes Total - Labor Cost

Final Bonds TOTAL

\$188,808.22 \$17,936.78 \$78,822.75 \$5,711.35 \$291,279.10



Meet customer's needs, expectations, and budget!

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Terms of Warranty



WARRANTY/GUARANTEE

FOR	WORK
We, the undersigned, hereby warranty and guarantee that the parts of the work which we have furnished and/or installed for:	rk described above
is in accordance with the Contract Documents and that id Work as instate exceed all of the Warranty and Guarantee requirements. We gree to repair installed by us, together with any adjacent Work when is splace or day get proves defective in workmanship, material, or coration within a period gear(s) from the date of final acceptance of a Own or from the Date Substantial Completion, whichever is the other, on any wear and tear exception of the event of our failure to comply with the love-in stioned conditions we	or replace Work ed by so doing, that One (1) e of Certificate of oted.
time period determined by the Owner, are in Vication in writing, we, collectively and separately do he by thorize the Owner to have said defect and/or replaced and made good and gree to to the Owner upon demand of Owner may expend in taking good and defective Work, including all correasonable attorney fee	, the undersigned, tive Work repaired all moneys that the
Date: (Contractor) By	
Local Representative to be contacted for maintenance, repair and/or replaceme	nt service:
Address:	
Phone Number:	

AAA Network Solutions, Inc. 8401 Page Street, Buena Park, CA 90621 Tel: (714) 484 – 2711 Fax: (714) 484 – 2994 www.aaaSolarElectric.com

Aiphone LIMITED WARRANTY

Aiphone warrants its products to be free from defects of materials and workmanship under normal use and service for a period of one, two, or three years after delivery to the ultimate user and will repair free of charge or replace at no charge, should it become defective upon which examination shall disclose to be defective and under warranty. Aiphone reserves unto itself the sole right to make the final decision whether there is a defect in materials and/or workmanship; and whether or not the product is within the warranty. This warranty shall not apply to any Aiphone product which has been subject to misuse, neglect, accident, power surge, or to use in violation of instructions furnished, nor extended to units which have been repaired or altered outside of the factory. This warranty does not cover batteries or damage caused by batteries used in connection with the unit. This warranty covers bench repairs only, and any repairs must be made at the shop or place designated in writing by Aiphone. This warranty is limited to the standard specifications listed in the operation manual. This warranty does not cover any function that is added by users or suppliers when used in connection with third party products. Please note that any damage or other issues caused by a failure to use the unit in connection with Aiphone products are also not covered by this warranty. Aiphone will not be responsible for any costs incurred involving on site service calls. Aiphone will not provide compensation for any loss or damage incurred by the breakdown or malfunction of its product during use, or for any consequent inconvenience or losses that may result.

From the date of installation to the ultimate user, audio intercom products are warranted for a period of one year. Video intercom products are warranted for a period of two years. The NHX series and MarketCom MC-60/4A and MC-60/4B intercom stations (excluding coil cords) are warranted for a period of three years.

Aiphone Wire Warranty

Aiphone limited product warranty is extended by one year when product is installed using Aiphone wire.

Repair Warranty

At our discretion, Aiphone will repair free of charge or replace at no charge Aiphone product that, upon examination by an Aiphone Repair Technician, is proven to be defective and under warranty. Aiphone reserves the right to make the final decision as to whether there is a defect in materials and/or workmanship, and whether or not the product is within the warranty.

This warranty shall not apply to any failure caused by improper installation or use in violation of the instructions, abuse, negligence, electrical surge including damage from lightning, water or any other physical damage, or damage caused from batteries.

This warranty covers bench repairs by the Aiphone Repair Department only, and does not extend to units that have been repaired or altered outside of the factory. Aiphone is not responsible for any costs incurred involving on-site service calls.

Cisco Enhanced Limited Lifetime Hardware Warranty

The Cisco Catalyst 2960-X Series Switches come with an enhanced limited lifetime warranty (E-LLW) that includes next-business-day (NBD) delivery of replacement hardware where available and 90 days of 8x5 Cisco Technical Assistance Center (TAC) support.

Your formal warranty statement, including the warranty applicable to Cisco software, appears in the Cisco information packet that accompanies your Cisco product. We encourage you to review carefully the warranty statement shipped with your specific product before use.

Cisco reserves the right to refund the purchase price as its exclusive warranty remedy.

For further information on warranty terms, visit https://www.cisco.com/go/warranty. Table 8 provides information about the E-LLW.

Table 8. E-LLW Details

	Cisco E-LLW
Device covered	Applies to Cisco Catalyst 2960-X Series Switches.
Warranty duration	As long as the original customer owns the product.
EoL policy	In the event of discontinuance of product manufacture, Cisco warranty support is limited to 5 years from the announcement of discontinuance.
Hardware replacement	Cisco or its service center will use commercially reasonable efforts to ship a replacement for NBD delivery, where available. Otherwise, a replacement will be shipped within 10 working days after receipt of the RMA request. Actual delivery times might vary depending on customer location.
Effective date	Hardware warranty commences from the date of shipment to customer (and in case of resale by a Cisco reseller, no more than 90 days after original shipment by Cisco).
TAC support	Cisco will provide during business hours, 8 hours per day, 5 days per week basic configuration, diagnosis, and troubleshooting of device-level problems for up to a 90-day period from the date of shipment of the originally purchased Cisco Catalyst 2960-X product. This support does not include solution or network-level support beyond the specific device under consideration.
Cisco.com access	Warranty allows guest access only to Cisco.com.

Contact Cisco

For more information about Cisco products, contact:

Phone: +1 800 553-NETS (6387)

Worldwide Product Support

· Company Website: cisco.com



LIMITED PRODUCT WARRANTY

- 1. **Definitions.** For purposes of this Warranty, (i) "Buyer" shall mean the individual or entity identified on the applicable purchase order or supply agreement (or, if different, on Seller's quotation, order acknowledgement or confirmation), (ii) "Seller" shall mean the CommScope entity identified on such entity's quotation, order acknowledgement, confirmation or supply agreement, (iii) "Product" shall mean a product manufactured by Seller pursuant to the applicable supply agreement, quotation, order acknowledgement or confirmation, and (iv) "Warranty Period" shall mean one year from date of original shipment from Seller's facility unless a different time period is set forth in **Exhibit A**.
- 2. **Limited Warranty.** Seller warrants that, as of the date of delivery, Seller has good title to the Product, free from any lawful security interest or other lien or encumbrance unknown to Buyer. In addition, during the Warranty Period, the Product will be free from defects in materials or workmanship arising under proper and normal use. This Warranty shall apply only to the Products and shall not apply to any other goods or materials, parts or components of a system or any system as a whole. This Warranty does not cover ordinary wear and tear. Seller does not warrant any products manufactured by third parties; provided that Seller will, to the extent permitted by the manufacturer, assign third-party warranties to Buyer.
- 3. Inspection. If Buyer claims that a Product is defective in materials or workmanship, Seller shall have the right to either examine the Product where it is located or, in its sole discretion, issue shipping instructions for return of the Product. Seller's inspection in response to a warranty claim shall not constitute acceptance or acknowledgment of the claim's validity. Buyer shall prepay all transportation charges for such return.
- 4. **Remedies.** Seller's sole and exclusive obligation and Buyer's exclusive remedy under this Warranty is Seller's repair or replacement of the defective Product or a credit for the purchase price of the defective Product. Seller shall have sole discretion as to which of these remedies Seller will provide. Seller is not liable for any repair or maintenance costs incurred by Buyer, unless Seller authorizes such charges in writing in advance of the commencement of the work. If Seller elects to replace or repair the defective Product, the replaced or repaired Product will be warranted for the remainder of the Warranty Period applicable to the originally shipped Product, but the Warranty shall not be extended beyond the original Warranty Period.
- 5. **Notice and Waiver.** If Buyer discovers any defect in the Product, Buyer must provide prompt (and in no case later than thirty (30) days after discovery) written notice to Seller of the claimed defect. Such notice shall describe, in reasonable detail, the symptoms of such defect. The notice must be received by Seller during the Warranty Period for such Product. Failure to give timely notice of a claim shall result in Buyer's waiver of such claim.
- 6. **Transfer of Ownership.** This Warranty is not transferable unless Buyer is expressly authorized by Seller in writing to resell the Product. In addition, Buyer must notify Seller on or before the fifteenth (15th) day after the date on which it transfers ownership of the warranted Product. Any transfers in violation of this Section shall invalidate this Warranty. Notice of the transfer of ownership must be in writing and shall include the name and address of the new owner.
- 7. Exclusions from Warranty. This Warranty shall not apply to problems attributable to, or as a result of:
 - (a) improper installation or misapplication of parts;
 - (b) chain or system failures induced by other products or components;
 - (c) lack of proper inspection or maintenance or failure to provide a suitable operating environment;
 - (d) any consumables provided with the Product and any other materials, components or products manufactured by a third party;
- (e) power surges, fire, unusual mechanical, physical or electrical stress, severe weather conditions or acts of nature, including but not limited to, lightning or floods;
- usage or operation not in accordance with published ratings, specifications or instructions, including but not limited to environmental specifications identified by Seller;
 - (g) any adjustment, modification, alteration, removal or repair of any part of the Product not expressly authorized by Seller in writing;
 - (h) accidental damage, misuse, abuse, neglect or unauthorized access of the Product or of any system of which the warranted Product is a part;
- (i) any type of aesthetic changes due to oxidation or corrosion occurring on stainless steel or galvanized steel parts installed in unusually corrosive marine and industrial atmospheres (in which case Seller's only obligation shall be to ensure that Product complies with Seller's published material specifications);
 - (j) use of the Product for purposes other than that for which it was designed; or
 - (k) mishandling during shipment of the Product.

This Warranty is for Products installed and used in accordance with Seller's design, installation and operating parameters. Buyer's failure to ensure conformity with such parameters will void all warranties. Under no circumstance shall Seller have any liability or obligation with respect to expenses, liabilities or losses associated with the installation or removal of any Product or the installation or removal of any experiment of a Product.

- 8. Limitation on Liability. THE WARRANTIES SET FORTH IN SECTION 2 HEREOF ARE EXCLUSIVE AND ARE MADE ONLY TO BUYER. SELLER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS AND EXCLUDES ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, NONINFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE AND ANY REPRESENTATION OR WARRANTY ARISING BY USAGE OF TRADE, COURSE OF DEALING OR COURSE OR PERFORMANCE. No person is authorized to give any additional warranties on Seller's behalf or to assume for Seller any other liability, except in a writing signed by an authorized officer of Seller. SELLER'S TOTAL LIABILITY FOR ANY CLAIM OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH THE MANUFACTURE, SALE, DELIVERY OR USE OF THE PRODUCTS WILL BE LIMITED TO PROVEN DIRECT DAMAGES, NOT TO EXCEED THE PURCHASE PRICE OF SUCH PRODUCTS. IN NO EVENT WILL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY CLAIM FOR LOSS OF ACTUAL OR ANTICIPATED REVENUES OR PROFITS. These limitations on liability will apply regardless of the form of action, whether in contract, tort, strict liability or otherwise, and whether damages were foreseeable and will survive failure of any exclusive remedies provided in Section 4 hereof.
- 9. Choice of Law. The terms and conditions contained herein and the rights of the parties to any transaction to which they relate shall be governed by and construed in accordance with the laws of the State of North Carolina, U.S.A. The United Nations Convention on Contracts for the International Sale of Goods shall not apply.

LIMITED PRODUCT WARRANTY

Exhibit A

Seller warrants that the Products identified below will be free from defects in material and workmanship arising under proper and normal use for the following Warranty Period:

QR® Coaxial Cable	Ten (10) years from the date of original shipment.
ValuSite® Products	Three (3) years from the date of original shipment.
I-Line Accessory Products	Three (3) years from the date of original shipment.
Standard RADIAX® Cable, Connector, Accessory and Cable Assembly Products	Five (5) years from the date of original shipment, except for the following: (i) two (2) years for surge arrestors; and (ii) one (1) year for all other accessories.
Standard CNT® Cable, Connector, Accessory and Cable Assembly [†] Products	Five (5) years from the date of original shipment; except that the Warranty Period for Products purchased for resale purposes shall be one (1) year.
Broadband RF Connectivity Products	Five (5) years from the date of original shipment.
Other OSP Cable Products (P3®, Drop Coax, Fiber Cable, Fiber Drop Cable, CIC)	One (1) year from the date of original shipment
FDH Products	One (1) year from the date of original shipment
Multiservice terminals (MST), Open Terminals (OTE) and Hardened Drop Cable Assemblies	One (1) year from the date of original shipment
OSP "Box" Products	One (1) year from the date of original shipment
Mini-RDTs and RDTs	One (1) year from the date of original shipment
FOSC™, FIST™ and Tenio™	One (1) year from the date of original shipment
OSP Copper Connect and Closure Products	One (1) year from the date of original shipment
Standard HELIAX® Cable, Connector, Accessory and Cable Assembly [‡] Products	Ten (10) years from the date of original shipment; except for the following: (i) three (3) years for ValuFlex® cable assemblies; (ii) three (3) years for weatherproofing kits; (iii) one (1) year for cable preparation tools (excluding blades); (iv) one year for single click-on hanger kits; and (v) two (2) years for surge arrestors.
HELIAX® FiberFeed® Products, including FiberFeed® hybrid and fiber cables and assemblies, power cables and junction boxes	One (1) year from the date of original shipment.
Steel Products and Rapid Deployment Monopoles	Three (3) years from the date of original shipment.
Standard ION-B®, ION-E®, ION-M®, ION-U®, MR, p-POI®, i-POI®, e-POI™, and Node Repeater Products	The earlier of: (i) one (1) year from the date of installation; or (ii) fifteen (15) months from the date of shipment.
Premium Passive Products, including In-Building Directional Couplers, Hybrid Matrices, Tappers, Power Splitters, Terminations, Attenuators and CMAX Antenna Products	Five (5) years from the date of original shipment.
ValuDAS® Passive Products, including Air Directional Couplers, Hybrid Couplers, High Power Splitters, and Cell-Max™ Antennas	Two (2) years from the date of original shipment.
InterReach Fusion®	One (1) year from the date of original shipment.
InterReach Unison®	One (1) year from the date of original shipment.
FlexWave® Spectrum	One (1) year from the date of original shipment.
FlexWave® Prism	One (1) year from the date of original shipment.
FlexWave® Active Integration Panel (AIP)	One (1) year from the date of original shipment.
A.I.M.O.S. Software Products	One (1) year from the date of original shipment.

^{*} RADIAX® Cable Assembly Product means any RADIAX® coaxial cable that has been fitted with Seller's connectors in accordance with the installation instructions. † CNT® Cable Assembly Product means any CNT® coaxial cable that has been fitted with Seller's connectors by Seller or its certified distributor.

November 2016 CO-110646.1-EN

[†] HELIAX® Cable Assembly Product means any HELIAX® coaxial cable or elliptical waveguide that has been fitted with Seller's connectors by Seller or its certified distributor.

LIMITED PRODUCT WARRANTY

In- Building and Fixed Subscriber Antennas	The earlier of: (i) three (3) years from the date of installation or (ii) thirty-nine (39) months from the date of original shipment.
OneCell® and S1000 Small Cell Platforms (excluding software)	The earlier of: (i) one (1) year from the date of installation; or (ii) fifteen (15) months from the date of original shipment
Small Cell Device Management System (DMS) Software for OneCell® and S1000 Small Cell Platforms	Ninety (90) days from the date of original shipment
Base Station Antenna Products	Two (2) years from the date of original shipment for all base station antennas except base station antennas incorporating N-type connectors, which shall have a warranty of one (1) year from the date of original shipment.
Standard Tower Mounted Amplifier, Bias Tee and Power Distribution Unit Products	Two (2) years from the date of original shipment.
Standard Filter, Diplexer and Triplexer Products	Two (2) years from the date of original shipment.
DryLine® Dehydrator Systems and Line Monitoring Systems	Three (3) years from the date of original shipment or 3,000 hours of actual run time, whichever occurs first; except the Warranty Period for the compressor is only one (1) year from original shipment or 1,000 hours of actual run time, whichever occurs first. This Warranty Period does not apply to Factory Reconditioned Dehydrators, which are warranted for only one (1) year from the date of original shipment.
Microwave Antennas	Three (3) years from the date of original shipment.
Terrestrial Microwave System Products (including Microwave System Flex-Twist, Coupler, Filter and Diplexer Products)	Three (3) years from the date of original shipment.
SiteRise™ Solutions	One (1) year from the date of original shipment on workmanship for the Solution.
Copper Structured Cabling Products	One (1) year from the date of Installation
Fiber Optic Panels, including Accessories, Mounting Hardware, Modules	One (1) year from the date of shipment
Fiber Optic Field Terminated Connectors, Kits, Tools, Consumables, Accessories	One (1) year from the date of shipment
Indoor Fiber Cable Patch Cords, Cable Assemblies, Fiber Trunks	One (1) year from the date of shipment
Passive Optical Components and Value Added Modules (VAMs)	One (1) year from the date of shipment
Fiber Guide Fiber Management System (FGS)	One (1) year from the date of shipment
Optical Distribution Frames, including Modules, Blocks, Accessories and Hardware	One (1) year from the date of shipment
Other Enterprise Products (Coax, Automotive Cables, Enterprise Enclosures and miscellaneous items) (excluding software)	One (1) year from the date of installation.
Cabinets Cable and Apparatus Products	One (1) year from the date of original shipment.
Electronic Enclosure Products (Cabinets)	Two (2) years from the date of original shipment.
Alifabs™ Cabinets & Ancillary Products	One (1) year from the date of original shipment.
Alifabs™ Free Cooling Products and Accessories and Spare Parts, including Monitor	Two (2) years from the date of original shipment.
Alifabs TM Telecommunications Towers and Accessories	One (1) year from the date of original shipment.
Alifabs [™] Services (power upgrades, enablements, installation and decommission work, rigging, and fault management)	One (1) year from the date of completion of the work.
Any other Software Products	Ninety (90) days from the date of original shipment.

Diversitrack a moving classroom experience

Product Warranty

We warrant our product to be free from defects in material and workmanship, for terms specified below, provided there has been normal use and proper maintenance. This warranty applies to the original purchaser only. All remedies under this warranty are limited to the repair or replacement of any item or items found by the factory to be defective within the time period specified.

If you have a warranty claim, first you must call our factory at the number found in the back of this manual. You must retain proof of purchase and submit a copy with any items returned for warranty work. Upon completion of warranty fulfillment, if any, we will return the repaired or replaced item or items to you freight prepaid. Damage to our products caused by accidents, fire, vandalism, negligence, improper installation, misuse, Acts of God, or by defective parts not manufactured by us, is not covered under this warranty.

THE WARRANTY TIME PERIOD IS AS FOLLOWS: ALL "GOODS" MANUFACTURED BY OUR COMPANY: LIFETIME FRAME AND HARDWARE, NOT INCLUDING ROLLER WHEELS OR BRAKE PADS. ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE CREATED HEREBY ARE LIMITED IN DURATION TO THE SAME DURATION AND SCOPE AS THE EXPRESS WRITTEN WARRANTY. OUR COMPANY SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGE.

Some states do not allow limitations on how long an implied warranty lasts, or the exclusion or limitation of incidental or consequential damages, so the above limitations or exclusions may not apply to you. This warranty gives you specific legal rights, and you may also have other rights which vary from state to state.

WARRANTY POLICY

Hanwha Techwin America (HTA) warrants to the original purchaser that HTA's products (the "Products") are free from defects in material and workmanship for a period of three (3) years from the date of original purchase, unless a different period is otherwise expressly stated below (the "Warranty Period"). HTA's obligation under this warranty is expressly limited to supplying replacement parts, repairing, or replacing, at its sole option, any product which HTA, in its sole judgment and discretion, determines contained a defect in materials or workmanship at the time of shipment from HTA. This warranty does not include on-site service or removal and re-installation costs. This warranty is valid only on HTA products and is subject to the limitations and exceptions listed below.

THIS LIMITED WARRANTY IS EXCLUSIVE, IS HTA'S ONLY WARRANTY, AND IS EXPRESSLY IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES. HTA HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES AND WARRANTIES THAT MAY BE IMPLIED BY LAW, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, AND OF FITNESS FOR A PARTICULAR PURPOSE OR SPECIFIED USE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, HTA, ITS SUBSIDIARIES, AND PARENTS SHALL NOT BE RESPONSIBLE FOR AND HEREBY DISCLAIMS ALL LIABILITY FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED BY YOU OR ANY OTHER PERSON OR ENTITY HOWEVER CAUSED, WHETHER BY THE NEGLIGENCE OF HTA OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY LIABILITY (i) FOR LOST REVENUES, LOST PROFITS, LOSS OF USE, THE COST OF DATA RECOVERY FROM HARD DISK DRIVES, THE VALUE OF DATA THAT CANNOT BE RECOVERED FROM HARD DISK DRIVES, OR ANY OTHER COMMERCIAL LOSSES OF ANY TYPE; (ii) FOR INJURY TO OR DEATH OF ANY PERSONS IN CONNECTION WITH THE PRODUCTS; AND (iii) LIABILITY WHICH YOU HAVE TO ANY OTHER PERSON, IRRESPECTIVE OF WHETHER SUCH LIABILITIES WOULD OTHERWISE ARISE FROM HTATUTE, NEGLIGENCE, CONTRACT, STRICT LIABILITY, OR OTHERWISE. ALL RIGHTS GRANTED TO YOU UNDER THIS LIMITED WARRANTY ARE CONDITIONED UPON AND SHALL ONLY ARISE IF THEY ARE EXERCISED IN THE MANNER DESCRIBED BELOW, AND ARE LIMITED TO THE ONE, SOLE AND EXCLUSIVE REMEDY OF REPAIR OR REPLACEMENT, AS SPECIFIED HEREIN.

If any person or entity other than HTA repairs or replaces parts on the Products without the prior written consent of HTA, this limited warranty shall be void with respect to the part or component of the Products so repaired or replaced, and with respect to any other part or component related thereto.

For a warranty claim to be valid, you must give full and reasonable written notice to HTA of the defect within thirty (30) days of your discovery of the defect, but in no event

later than the last day of the Warranty Period. On receipt of any such written notice, HTA will, as soon as reasonably practicable, cause to be repaired (or, at the sole option of HTA, have replaced) the defect(s) identified by the notice. HTA's SOLE RESPONSIBILITY IS TO REPAIR OR REPLACE SUCH DEFECTIVE ITEMS OF WHICH HTA SHALL HAVE RECEIVED TIMELY AND PROPER NOTICE AS PROVIDED HEREIN. ALL REPAIRS PERFORMED BY HTA AND ALL REPLACEMENT OF PARTS BY HTA SHALL BE SUBJECT TO THE SAME LIMITED WARRANTY PROVIDED HEREIN AND THE SAME DISCLAIMERS OF OTHER WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE DISCLAIMER OF ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR SPECIFIED USE AND THE DISCLAIMER OF LIABILITY FOR ANY AND ALL INCIDENTAL OR CONSEQUENTIAL DAMAGES.

THIS WARRANTY DOES NOT COVER: malfunction, defect, failure, or damage (i) caused by or resulting from impact, mishandling, tampering, or use contrary to the applicable instruction manual; (ii) arising from ordinary wear and tear, wind, fires, storm, earthquake, incorrect power line voltage, inadequate or improper lighting, adverse weather conditions or other acts of God or nature, your or operators abuse or neglect, misuse, accident or mishap; (iii) arising from shipping; (iv) arising from work, repairs or alterations performed by others than HTA; (v) routine cleaning, normal cosmetic and mechanical wear and tear; and/or (vi) parts or accessories manufactured by persons other than HTA and warranted by such persons.

You acknowledge and agree, and represent and warrant to HTA, that the Products are not and will not be used as consumer goods or consumer products, are not going to be used for personal, family or household purposes, and are intended exclusively for commercial, and not consumer, use. You acknowledge and agree that this limited warranty is exempt from the provisions of the Magnuson-Moss Federal Warranty Act. Other than as set forth herein, no agent, employee, or representative of HTA has any authority to bind HTA to any other warranty, or to make any other representations or affirmations concerning the Products or any parts thereof. No affirmation, representation, or warranty made by any agent, employee or representative of HTA, shall be binding upon HTA unless the same is specifically included within this agreement.

To return a Product for repair, a Return for Service Authorization (RSA) number is required. The RSA request form is available on the HTA web site at HanwhaSecurity.com/repair. In addition to your contact information, you will need the following information in order to complete the form:

Model number Serial Number Date of Purchase (a copy of the original purchase receipt must be included with the

returned Product)

Detailed description of the defect or malfunction (this helps ensure our technicians can replicate the symptom)

The RSA form and return instructions will be e-mailed (or faxed) to you. Returned Products must be properly packaged, insured, and shipped freight prepaid. Be sure to include the RSA form and a copy of the purchase receipt with the Product. All returns must have the RSA number clearly marked on the shipping label. Products returned without an RSA number or shipped freight collect will be refused.

In the USA and Canada, you can also request an RSA from our customer support staff at 877-213-1222.



Tripp Lite
1111 W. 35th Street
Chicago, IL 60609

② 1773.869.1774
□ 1773.869.1329

☑ presaleshelp@tripplite.com

MODEL NUMBER: SR25UB

PRODUCT STATUS CURRENT

25U SmartRack Standard-Depth Server Rack Enclosure Cabinet with doors & side panels



All Images (2) | Product Datasheet

Warranty	5-year limited warranty
Is Your Product in Warranty?	Your product is still covered under warranty if it was purchased after 11/9/2013.
Support Resources	Create a Support Ticket ☑

Support for	North American Support Center
In-Warranty Products	773.869.1108
	Please have your serial number ready when you call.
	Help me find it □
Purchase a Replacement	Check Prices
Order Parts	Order parts for your SR25UB

Recently Viewed Items

SR42UBMDEXPND	A
SR42UB	
	*

Go to Product Page

DOCUMENTATION

DESIGN RESOURCES

Documentation

- Installation Guide for SmartRack Latch 🚨
- Assembly Instructions for SmartRack SR25UBKD & SR25UBEXPKD
- Owner's Manual for Smart Rack Enclosures (Multi-language)
- Product Datasheet 🖟

PRODUCT WARRANTY

PRODUCT REGISTRATION

Product Warranty Period (Worldwide)

5-YEAR LIMITED WARRANTY

Tripp Lite warrants this product, if used in accordance with all applicable instructions, to be free from original defects in material and workmanship for 5 years from the date of initial purchase. If the product should prove defective in material or workmanship within that period, Tripp Lite will, subject to the foregoing terms and limitations, repair or replace the product, in its sole discretion, as your exclusive remedy for Tripp Lite's breach of its limited warranty.

RETURN POLICY

REQUEST RETURN (RMA)

Tripp Lite's Return Policy

Proof of Warranty Coverage

You must provide proof that the product is covered under warranty. This can be confirmed by the product's serial number or with proof of purchase in the form of an invoice or receipt from a Tripp Lite authorized dealer. If required, please include the proof of purchase invoice with your return. Warranties on Tripp Lite products begin on the date of your product purchase. Warranty coverage varies by product line. Specific warranty duration is outlined in the owner's manual that accompanies each unit.

Shipping Returns

You are responsible for all transportation, insurance, duties and other similar charges for returned products. Please use caution; shipping damages resulting from improper packaging will be your responsibility. We recommend using a reliable parcel or freight carrier who is capable of providing tracking information and proof of delivery. The proof of purchase, if required, and your RMA number must be inserted in the shipping carton before the carton is sealed.

Repair or Replacement

Tripp Lite will repair or replace the product at Tripp Lite's option and ship the repaired or replaced product back to you at no charge.

Products not accompanied by a valid RMA number will not be accepted. The RMA number must be enclosed with your product or be clearly visible on the outside of the packaging.

PARTS & ACCESSORIES

Parts & Accessories

UPS ACCESSORIES



4POSTRAILKIT

4-Post Rack-Mount Installation Kit of select Rack-Mount UPS Systems

More...

MANAGEMENT HARDWARE

RACK ACCESSORIES



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Need help with your purchase?

We're always available to help with questions, including product selection, sizing, installation and product customization. Call us at 1 773.869.1774 or email presaleshelp@tripplite.com.



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Chicago, IL 60609

② 1773.869.1774

□ 1773.869.1329

☑ presaleshelp@tripplite.com

MODEL NUMBER: SR42UBMDEXPND

PRODUCT STATUS CURRENT

42U SmartRack 4-Post Mid-Depth Open Frame Rack - no sides or doors



All Images (1) | Product Datasheet

Warranty	5-year limited warranty
Is Your Product in Warranty?	Your product is still covered under warranty if it was purchased after 11/9/2013.
Support Resources	Create a Support Ticket ☑

Support for	North American Support Center
In-Warranty Products	773.869.1108
	Please have your serial number ready when you call.
	Help me find it ☑
Purchase a Replacement	Check Prices
Order Parts	Order parts for your SR42UBMDEXPND

Recently Viewed Items



Go to Product Page

DOCUMENTATION

DESIGN RESOURCES

Documentation

- Installation Guide for SmartRack Latch
- Owner's Manual for Smart Rack Enclosures (Multi-language)
- Product Datasheet 🖟

PRODUCT WARRANTY

PRODUCT REGISTRATION

Product Warranty Period (Worldwide)

5-YEAR LIMITED WARRANTY

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RETURN POLICY

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Tripp Lite's Return Policy

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PARTS & ACCESSORIES

Parts & Accessories

UPS ACCESSORIES



4POSTRAILKIT

4-Post Rack-Mount Installation Kit of select Rack-Mount UPS Systems

More...

RACK ACCESSORIES



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MODEL NUMBER: SR42UB

PRODUCT STATUS CURRENT

42U SmartRack Standard-Depth Server Rack Enclosure Cabinet with doors & side panels



All Images (20) | Product Datasheet

Warranty	5-year limited warranty
Is Your Product in Warranty?	Your product is still covered under warranty if it was purchased after 11/9/2013.
Support Resources	Create a Support Ticket ☑

Support for	North American Support Center
In-Warranty Products	773.869.1108
	Please have your serial number ready when you call.
	Help me find it □
Purchase a Replacement	Check Prices
Order Parts	Order parts for your SR42UB

Recently Viewed Items



DOCUMENTATION

DESIGN RESOURCES

Documentation

- Installation Guide for SmartRack Latch 🖟
- Owner's Manual for Smart Rack Enclosures (Multi-language)
- Product Datasheet

PRODUCT WARRANTY

PRODUCT REGISTRATION

Product Warranty Period (Worldwide)

5-YEAR LIMITED WARRANTY

Tripp Lite warrants this product, if used in accordance with all applicable instructions, to be free from original defects in material and workmanship for 5 years from the date of initial purchase. If the product should prove defective in material or workmanship within that period, Tripp Lite will, subject to the foregoing terms and limitations, repair or replace the product, in its sole discretion, as your exclusive remedy for Tripp Lite's breach of its limited warranty.

RETURN POLICY

REQUEST RETURN (RMA)

Tripp Lite's Return Policy

Proof of Warranty Coverage

You must provide proof that the product is covered under warranty. This can be confirmed by the product's serial number or with proof of purchase in the form of an invoice or receipt from a Tripp Lite authorized dealer. If required, please include the proof of purchase invoice with your return. Warranties on Tripp Lite products begin on the date of your product purchase. Warranty coverage varies by product line. Specific warranty duration is outlined in the owner's manual that accompanies each unit.

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PARTS & ACCESSORIES

Parts & Accessories

MANAGEMENT HARDWARE



SRSWITCH

SmartRack Magnetic Door Switch Kit for front and rear doors; requires ENVIROSENSE, TLNETEM, E2MTHDI or E2MTDI

More...

RACK ACCESSORIES



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□ 1773.869.1329

☑ presaleshelp@tripplite.com

MODEL NUMBER: SU1500RTXLCD2U

PRODUCT STATUS CURRENT

SmartOnline 120V 1.5kVA 1.35kW Double-Conversion UPS, 2U Rack/Tower, Extended Run, Network Card Slot, LCD, USB, DB9



All Images (8) | Product Datasheet

ce
and

Is Your Product in Warranty?	Your product is still covered under warranty if it was purchased after 11/9/2016.
Support Resources	SU1500RTXLCD2U How-To Videos
	Replacement UPS Batteries
	Create a Support Ticket ☑
Support for	North American Support Center
In-Warranty Products	773.869.1112
	Please have your serial number ready when you call.
	Help me find it ☑
Purchase a Replacement	Check Prices

Recently Viewed Items

SR25UB
SR42UBMDEXPND
SR42UB

Go to Product Page

DOCUMENTATION

SOFTWARE, FIRMWARE & DRIVERS

ARTICLES

HOW-TO VIDEOS

Software, Firmware & Drivers

- External Battery Pack Configuration Software and Instructions (English)
- UPS System Output Voltage Selector Utility

PRODUCT WARRANTY

PRODUCT REGISTRATION

EXTENDED WARRANTIES

Product Warranty Period (Worldwide)

2-YEAR LIMITED WARRANTY

Tripp Lite warrants this product, if used in accordance with all applicable instructions, to be free from original defects in material and workmanship for 2 years from the date of initial purchase. If the product should prove defective in material or workmanship within that period, Tripp Lite will, subject to the foregoing terms and limitations, repair or replace the product, in its sole discretion, as your exclusive remedy for Tripp Lite's breach of its limited warranty.

INSURANCE COVERAGE

INSURANCE CLAIMS

Insurance Coverage

Your SU1500RTXLCD2U comes with \$250,000 Ultimate Lifetime Insurance coverage.

Learn More 2

REPLACEMENT UPS BATTERIES

Replacement UPS Batteries

BATTERY MODEL NUMBER RBC94-2U

2U UPS Replacement 48VDC Battery Cartridge (1 set of 4) for select Tripp Lite SmartPro

UPS Information & Pricing

QUANTITY REQUIRED 1

RETURN POLICY

REQUEST RETURN (RMA)

Tripp Lite's Return Policy

Proof of Warranty Coverage

You must provide proof that the product is covered under warranty. This can be confirmed by the product's serial number or with proof of purchase in the form of an invoice or receipt from a Tripp Lite authorized dealer. If required, please include the proof of purchase invoice with your return. Warranties on Tripp Lite products begin on the date of your product purchase. Warranty coverage varies by product line. Specific warranty duration is outlined in the owner's manual that accompanies each unit.

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PARTS & ACCESSORIES

Parts & Accessories

UPS BATTERY PACKS



BP48V24-2U

External 48V 2U Rack/Tower Battery Pack Enclosure + DC Cabling for select UPS Systems (BP48V24-2U)

More...



BP48V27-2US

External 48V 2U Rack/Tower Battery Pack for select UPS Systems (BP48V27-2US)

More...



BP48V60RT-3U

External 48V 3U Rack/Tower Battery Pack Enclosure + DC Cabling for select UPS Systems (BP48V60RT-3U)

More...

UPS ACCESSORIES

MANAGEMENT HARDWARE

POWER DISTRIBUTION UNITS

USB, LIGHTNING & FIREWIRE



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Valcom Warranty

Valcom, Inc. warrants its products only to the original purchaser, for its own use, to be free from defects in materials and workmanship under conditions of normal use and service for a period of one year from the date of shipment. This Limited Warranty obligation shall be limited to the replacement, repair or refund of any such defective device within the warranty period, provided that:

- 1. inspection by Valcom, Inc. indicates the validity of the claim;
- 2. the defect is not the result of damage, misuse or negligence after the original shipment;
- 3. the product has not been altered in any way or repaired by others and that factory sealed units are unopened (a service charge plus parts and labor will be applied to units defaced or physically damaged);
- 4. freight charges for the return of products to Valcom are prepaid;
- all units 'out of warranty' are subject to a service charge. The service charge will cover minor repairs (major repairs will be subject to additional charges for parts and labor).

This Limited Warranty is in lieu of and excludes all other warranties, expressed or implied and in no event shall Valcom, Inc. be liable for any anticipated profits, consequential damages, loss of time or other losses incurred by the buyer in connection with the purchase, operation, maintenance, installation, removal or use of the product. The maximum liability of Valcom under this warranty is limited to the purchase price of the specific Product covered by the warranty.

Disclaimer. Except for the Limited Warranty provided herein, the product is provided "as-is" without any warranty of any kind whatsoever including, without limitation, any WARRANTY OF MERCHANTABILITY,

FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

This warranty specifically excludes damage incurred in shipment. In the event a product is received in damaged condition, the carrier should be notified immediately. Claims for such damage should be filed with the carrier involved in accordance with the F.O.B. point.

Headquarters:

Valcom, Inc.

5614 Hollins Road Roanoke VA 24019-5056

Phone: (540) 563-2000 FAX: (540) 362-9800

Email: is@valcom.com



5614 Hollins Road Roanoke, Virginia 24019

1.800.825.2661 1.540.563.2000

Mon - Fri: 8 am - 7:30 pm EST

Technical Support

Customer Services

Sales

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Overview (./) Register (register.php)

5 Year Interactive ViewBoard warranty for Education

Register Now (register.php)

How does it work?

It's simple! If you have bought one or more of ViewSonic's interactive Viewboard for your Education establishment after Sep 1st 2016, you can register online to receive an exclusive 5 years limited warranty. Complete peace of mind!



Register Now (register.php)

Better Services

Extended Warranty:

ViewSonic provides customers with the security of a manufacturers warranty against defected products. We are keen to provide our customers with great peace of mind and confidence in our product. With that in mind, we are now providing a total of 5 years limited warranty on selected ViewSonic Interactive Viewboards for education.

The Service:

At ViewSonic, we are devoted to customer satisfaction and committed to positive relationships with every company and individual with whom we do business. In our commitment to provide the best customer support, we offer competitive warranties adapted for each product type. ViewSonic offer an on site service at the customer site ensuring minimal downtime.

Applicable products include: CDE5560T, CDE5561T, CDE6560T, CDE7060T, CDE7061T, CDE8452T, IFP5550, IFP6550, IFP7500, IFP7550, IFP8650

Company	+
Support	+
Products	+
Follow us on	+

Region: United Kingdom

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Meet customer's needs, expectations, and budget!

www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Timeline for Product Delivery and Services

Mon 3/4/19 Mon 3/4/19 Wed 1/2/19	Mon 3/4/19 Wed 1/2/19	Wed 1/2/19		Mon 1/14/19	Tue 2/12/19	Wed 2/13/19	Wed 1/16/19	Thu 1/17/19	Fri 2/22/19	Mon 2/25/19	Mon 3/4/19	♦ →		S			
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Magnolia Public Schools - 1 Si Magnolia Science Academy 1 Initial Site Walk	Magnolia Science Acaden Initial Site Walk	Initial Site Walk		Order Materials	Installation of Cable / Server Racks / IDF Racks / HDMI Installation	Termination & Testing of Cable	Installation of Fiber	Termination & Testing of Fiber	Camera & Bell Configuration/Installation	District Inspection	Submit Closeout Documentat	Task Split Milestone	Summary	Project Summary	Inactive Task	Inactive Milestone	
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Meet customer's needs, expectations, and budget!

www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

References



REFERENCES

Los Angeles Unified School District Information Technology Division & Facilities Division 333 South Beaudry Avenue, 19th Floor Los Angeles, CA 90017



- RFP 1082, Packages 1 & 2
 - Description of Project: LAN/WLAN system design, on/off site engineering, installation of cat6 & fiber optic cable infrastructure systems, configuration & installation of Cisco equipment at 32 school sites.
 - Amount of Project:\$13,900,000.00
 - Project Duration: 2012 2015
 - o Contact: Robert Gutierrez, (213) 598-6141, Robert.x.gutierrez@lausd.net
- RFP 1090, Packages 1, 2, 3, & 4
 - Description of Project: LAN/WLAN/convergence system design, on/off site engineering, installation of cat6 & fiber optic cable infrastructure systems, configuration & installation of Cisco equipment at 77 school sites.
 - Amount of Project: \$39,356,920.18
 - o Project Duration: 2013 2016
 - o Contact: Robert Gutierrez, (213) 598-6141, Robert.x.gutierrez@lausd.net
- Network Equipment for 227 Schools
 - Description of Project: LAN/WLAN system design, on/off site engineering, configuration and installation of Alcatel-Lucent LAN switches at 227 school sites.
 - Amount of Project: \$3,570,171.10
 - Project Duration: 2014-2015
 - o Contact: Robert Gutierrez, (213) 598-6141, Robert.x.gutierrez@lausd.net
- 2015LE, Packages 1, 2, 3
 - Description of Project: Full scale network equipment design, on/off site engineering, configuration and installation of APC UPS and Alcatel-Lucent networking equipment at 205 school sites.
 - Amount of Project: \$18,631,484.32
 - Project Duration: 2015-2016
 - Contact: Robert Gutierrez, (213) 598-6141, Robert.x.gutierrez@lausd.net



EEC

- Description of Project: Configuration and delivery of APC UPS & Cisco Networking Equipment at 37 school sites.
- Amount of Project: \$2,395,300.20
- Project Duration: 2016
- Contact: Robert Gutierrez, (213) 598-6141, Robert.x.gutierrez@lausd.net

Archdiocese of Los Angeles Information Technology Division 3424 Wilshire Boulevard, 4th Floor Los Angeles, CA 90010



Project(s):

- C3 Project: Ruckus LAN Wireless System Installation District-Wide at 275 Schools
 - Description of Project: Complete engineering, design, and turnkey installation of Ruckus Wireless LAN system, network cabling system, electronics networking equipment, electrical/conduit systems, AV systems, Pole-Vault PVS-300 model including Epson projectors for multiple school sites.
 - Amount of Project: \$4,125,000.00
 - o Project Duration: June 2011 December 2013
 - Contact: Dave Schmitt, (626) 253-6982 dschmitt@la-archdiocese.org

Campbell Hall 4533 Laurel Canyon Blvd. North Hollywood, CA 91607



Project Title: Valcom Full IP Based PA One-Way System

- Description of Project: The project included the installation, configuration and testing of rack mounted network servers/stations, interior and exterior speakers/horns and any necessary pathway/conduit
- The site was assessed for speaker placement to provide adequate PA coverage throughout the campus and a dialing code was defined and implemented to group speakers and horns to appropriate paging zones.
- Amount of Project: \$175,600.00



Project Duration: May 2015 – February 2016

 Contact: Michael Metelski, (818) 505-5321 metelsm@campbellhall.org

Salinas City Elementary School District 840 South Main Street Salinas, CA 93901



Project(s):

- E-Rate Project: Installation of Network Cabling Systems at Multiple Sites
 - Description of Project: Complete engineering, design and turnkey installation of Cat6 & fiber optic cable infrastructure systems, underground conduit systems, at El Gabilan Elementary School and Los Padres Elementary School.
 - Amount of Project: \$185,000.00
 - o Project Duration: June 2013 August 2013
 - Contact: Ray Valenzuela, (661) 716-1840
 rvalenzuela@infinitycomm.com

Panama Buena Vista Unified School District 4200 Ashe Road Bakersfield, CA 93313



- E-Rate Year 17 Project: Installation of Turnkey Network Systems at 17 School Sites
 - Description of Project: LAN/WLAN system design, on/off site engineering throughout the contract duration, installation of Cat6 & fiber optic cable infrastructure systems, installation of Aruba instant wireless access points in each classroom, installation of Aruba POE edge switches in all telecom closets, installation of Aruba Airwave Management System, installation of Aruba NAC ClearPass 25k system, installation of 25 Alcatel core switches at the MDF at 25 school sites, customer training, close-out documentation, and as-built drawings.
 - Amount of Project: \$2,435,000.00
 - Project Duration: April 2014 December 2014
 - Contact: Ray Valenzuela, (661) 716-1840
 rvalenzuela@infinitycomm.com



Live Oak School District 303 Potero Street, Suite 4 Santa Cruz, CA 95060



Project(s):

- E-Rate Project: Installation of Turnkey Network Systems Including Wireless and Network Switches at Multiple School Sites
 - Description of Project: Complete engineering, design and turnkey installation of Cat6 & fiber optic cable infrastructure systems, conduit systems, LAN wireless systems, and network switches for 6 school sites.
 - o Amount of Project: \$998,000.00
 - Project Duration: July 2010 October 2010
 - Contact: Aaron McDonald, (831) 818-1703
 aaron@coopertechnologies.net

Lemon Grove School District 8025 Lincoln Street Lemon Grove, CA 91945



- Technology Upgrade Project E-Rate Year 14: Structured Cabling at Lemon Grove Middle School
 - Description of Project: Turnkey installation of 400 Cat6A & fiber optic cable systems, installation of 12 telecom cabinets at multiple buildings, raceway/pathway installation, and cable testing.
 - Amount of Project: \$185,000.00
 - Project Duration: October 2011 January 2012
 - Contact: Joanne Branch, (619) 929-6334
 jbranch@sdcoe.net
- Technology Upgrade Project Installation of Turnkey LAN/WLAN Network Systems at Multiple Sites
 - Description of Project: Cisco LAN/WLAN system design, on/off site engineering, turnkey installation of CAT6A & fiber optic cable systems, Cisco 3702i wireless access points in each classroom, central controllers at the Lemon Grove District Office, edge switches in each telecom closet throughout the District sites, conducting system test & acceptance, and cable testing.
 - Amount of Project: \$745,000.00
 - o Project Duration: December 2014 March 2015
 - Contact: Joanne Branch, (619) 929-6334 jbranch@sdcoe.net



Compton Unified School District Information Technology Division 501 South Santa Fe Avenue Compton, CA 90221



Project(s):

- E-Rate Year 15 Project: Installation of Turnkey Network Systems at 36 School Sites
 - Description of Project: LAN/WLAN system design, on/off site engineering, turnkey installation of Cat6 & fiber optic cable infrastructure systems, Ruckus wireless access points in each classroom, central controllers at the District office, edge switches in each telecom closet, conducting
 - system test & acceptance, cable testing, as-built drawings, and closeout documentation.
 - o Amount of Project: \$2,135,000.00
 - Project Duration: May 2013 September 2013
 - Contact: Kevin Evans, (310) 639-4321 ext. 55068 kevans@compton.k12.ca.us

Bellflower Unified School District Information Technology Division 16703 Clark Avenue Bellflower, CA 90706



- E-Rate Year 15 Project: Installation of Turnkey Network Systems at 17 School Sites
 - Description of Project: LAN/WLAN system design, on/off site engineering, turnkey installation of Cat6 & fiber optic cable infrastructure systems, Cisco 3602i wireless access points in each classroom, central controllers at the District office, edge switches in each telecom closet, conducting system test & acceptance, cable testing, as-built drawings, and closeout documentation.
 - Amount of Project: \$1,235,000.00
 - o Project Duration: May 2013 September 2013
 - Contact: Philip Eichar, (562) 804-7384 ext. 6105 peichar@busd.k12.ca.us



Archdlocese of Los Angeles

General Counsel (213) 637-7511 3424 Wilshire Boulevard Los Angeles California 90010-2241

Letter of Recommendation

March 13, 2017

To whom it may concern:

I am writing this letter on behalf of the Archdiocese of Los Angeles, to express our complete satisfaction with the services provided by AAA Network Solutions, Inc. AAA has worked as a contractor for the Archdiocese for over eight years and has completed multiple projects for us. I am privileged to provide this letter of recommendation on their behalf.

AAA has completed over 150 wired and wireless infrastructure projects at schools and parishes in the Los Angeles Archdiocese and is a preferred vendor for the Archdiocese. AAA has been the successful bidder/vendor for our Erate Infrastructure Consortiums the last two years and they are currently under contract to install wired and wireless infrastructure in 64 additional Archdiocesan schools. We have been completely satisfied with all of their work which, all totaled, has amounted to many multiple millions of dollars.

As the director of the Erate Consortiums construction the last two years, I personally have had a close working relationship with AAA's senior management and field installers, and I find them all to be the utmost professionals, extremely honorable, have given us great value for our expenditures, and are totally reliable. All projects have been completed within the agreed upon timeframes. AAA provides many options and alternatives to choose from in their proposals and pre-construction processes, allowing for a customized approach to projects. AAA has successfully completed projects for us involving wired and wireless campus infrastructure, cabling, conduit, electrical, LAN / WLAN, VOIP and P/A Intercom system installations.

I am confident AAA will deliver a superior level of service and I wholeheartedly endorse AAA Network Solutions Inc. as a trusted contractor and recommend them for planning and construction of any network, infrastructure, and/or electrical service project. Please feel free to contact me at 213-637-7312 if there are any questions regarding this letter of recommendation.

Sincerely,

David Moore

Director-Telecommunications Archdiocese of Los Angeles 3424 Wilshire Blvd. Los Angeles, CA 90010 213-637-7312 office

2 S. Moore



August 1st, 2018

To Whom It May Concern:

I am writing to highly recommend using AAA Network Solutions for all your technology needs. Based on our recent experience using AAA Network Solutions to upgrade and install our wireless infrastructure, I couldn't have asked for a smoother implementation.

Communication by far was so important for me and AAA Network Solutions far exceeded my expectations. I was always informed of the status of the project and email and phone correspondence was lightning fast, usually within minutes of me asking my millions of questions! Their engineers were professional, friendly and were willing to do more than what the project entailed (like searching for our older access points inside the ceilings and testing cabling that was done by another vendor).

Lastly, pricing for the whole project was the lowest and the reason for AAA Network Solutions winning our bid.

To say the least, we are absolutely happy with the service that AAA Network Solutions provided and confident enough to say that any company would benefit from their services.

Sincerely

Lee Candelaria

IT Manager



BELLFLOWER UNIFIED SCHOOL DISTRICT

Standard of Excellence; Nothing Less

Academic Accountability & Curriculum Improvement 16703 South Clark Avenue · Bellflower, California 90706 (562) 866-9011 Ext. 2010 · Fax (562) 804-0831

BOARD OF EDUCATION

Office of the Assistant Superintendent, Lisa Azevedo

President, Jerry Cleveland April 21, 2015

Vice President, Paul Helzer, D.C. PhD. Mr. David Ngo AAA Solar Electric 1182 North Knollwood Circle Anaheim, Ca 92801

Clerk, Sue ElHessen, Ed.D.

Dear Mr. Ngo,

Member, Debbie Cuadros The Bellflower Unified School District would like to thank you for the service you provided on the Instructional Audio Visual Hardware Installation and Electrical Services project. The district-wide project was successful and completed within a timely manner. AAA Solar was responsive throughout the project. Employees were always extremely professional in their communications with the district.

Member, Laura Sanchez-Ramirez

The District would like to thank you for accommodating our school's schedules. We realize that working around students and holiday schedules often posed a challenge. AAA Solar worked additional shifts to complete tasks. This was greatly appreciated.

Superintendent, Brian Jacobs, Ed.D.

This particular project was complex in that AAA Solar not only worked with Bellflower Unified School District staff but an additional company supplying the instructional technology. AAA Solar's communication between the two additional groups was clear, timely and professional. Any additional challenges with the project were addressed and completed.

AAA Solar has done an excellent job and I would be happy to recommend your services to other organizations.

Lisa Azevedo

Assistant, Superintendent

Academic Accountability and Curriculum Improvement

Serving the Cities of Bellflower, Cerritos and Lakewood



April 22, 2015

AAA Solar Electric 1182 North Knollwood Circle Anaheim, CA 92801 Attn: David Ngo

Dear David,

I write to thank AAA Solar Electric for the service you have provided on numerous projects at Campbell Hall School. The most recent project was the installation and setup of a Valcom Class Connection IP-based PA system. This installation included all design, network cabling, speaker installation, system programing, and training for 150 interior and exterior Valcom speakers as well as tying the Valcom system into our current Mitel telephone system. The system works very well and AAA Solar Electric dedicated the necessary resources to complete the project at times when classes were not is session (i.e. evenings and weekends).

In addition to the PA system installation, we have used AAA Solar Electric for numerous network cabling projects (both fiber and copper) around campus. The scope has ranged from small jobs with less than 10 drops to larger jobs of approximately 100 drops or more. Each time, AAA Solar Electric was always professional and always exceeded our expectations.

We look forward to utilizing your services in the future and we would definitely recommend your company to others.

Best regards,

Michael Metelski

Director of Technology



Letter of Recommendation AAA Solar Electric, Inc.

While acting as the consulting IT Director for ERUSD we were looking for a cabling company that could meet a tight construction deadline. The task at hand was to replace all existing CAT5 Cabling with CAT6 Cabling, add additional data drops/fiber runs where necessary and replace networking cabinets for thirteen (13) school sites in forty five (45) days. During the formal selection process we chose AAA Solar Electric due to the great feedback we received from their references.

Working with AAA Solar was a pleasure; their staff was friendly and very professional. Like any large project there were bumps along the way and AAA Solar corrected any problems very quickly. The quality of work was professional and they met our tight deadline.

In conclusion, I recommend AAA Solar Electric, Inc and I am sure that you will be very satisfied with their performance.

Sincerely,

Mark Metzner

Director of IT Services
Intelligent Computer Concepts

2816 Columbia Street Torrance, CA 90503 310-208-9579



Fillmore Unified School District

627 Sespe Ave. Fillmore CA 93015

November 30, 2010

Mr. David Ngo AAA Solar Electric, Inc 1182 N. Knollwood Circle Anaheim, CA 92801

RE: SESPE Elementary School Project - E-Rate Network Cabling Project

Dear Mr. Ngo:

On behalf of the Fillmore Unified School District, we would like to take this opportunity to thank you and your entire staff for the excellent job you have done for the above-mentioned project.

Your project manager, Gil Gonzales and crew worked tirelessly for over three months to provide our students and staff with a school that would meet our immediate needs and grow with our future requirements.

Thank you again for the professionalism and the expertise you brought to our project.

Sincerely

Gil San Jose

Computer and Network Specialist



February 16, 2006

AAA Solar Electric, Inc David Ngo, Vice President 1182 N. Knollwood Circle Anaheim, CA 92801

RE: Project Completion

Dear AAA Solar Electric:

Thank you for your support in making another school year a success. Your support and involvement in the Fresno Unified School District has benefited students and faculty.

The technological improvements to our schools will enhance education for students and enhance learning resources for teachers and staff. It has been a pleasure working with you and your support team to complete our E-Rate projects and we are looking forward to another successful project completion in the near future.

Please feel free to use this letter as a reference for quality services provided.

Sincerely,

Shawn Carter, Facility & Maintenance Manager (559) 681-6477





April 9, 2015

Mr. David Ngo AAA Solar Electric

Via Email: dngo@aaaSolarElectric.com

Dear Mr. Ngo:

The Education Facility Solutions Group at the San Diego County Office of Education would like to thank you for the service you provided as a subcontractor to Soltek Pacific, Inc. on the Multi-site Wireless Project at Lemon Grove School District. The multi-site wireless project was very successful due to a great deal of excellent customer service from AAA Solar Electric. AAA Solar Electric actually went above and beyond by working on a couple of unexpected weekends at the request of the owner, as well as assisting with an off-contract concern very professionally and effectively.

In addition, I wanted to thank you for the work you did at the Lemon Grove Middle School a couple of years ago on a wireless system installation. It was good to see you as the low bidder on the current project, as I knew we had acquired a trustworthy subcontractor who knows how to work with clients on complex projects where unforeseen conditions regularly occur.

Your personnel have done a great job and would be easily recommended to others.

Sincerely,

Joanne Branch Project Manager

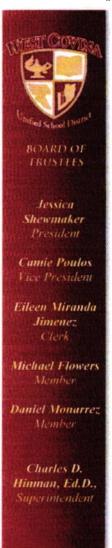
c: LGSD – Simon Abejo

Soltek Pacific – Mike Jovin Bill Dos Santos - EFSG

MBronk







West Covina Unified School District

To Whom It May Concern,

This letter serves as my recommendation of services from AAA Solar Electric, Inc.

(AAA). They provided services on three schools for the district installing Aruba access points and infrastructure cabling under the E-Rate funding program. They were able to integrate Clear Pass, Air Wave, and Aruba Instant access points to our existing Microsoft and Cisco network. The integration allows us to use Active Directory credentials to allow users to login.

AAA maintained excellent communication throughout the project, and were quick to resolve any issues as they came up. The quality of work of the installations met and exceeded our standards and also maintaining to code. AAA provided excellent support in itemizing and qualifying items under the E-Rate program by providing breakdowns and documentation which helps us apply for discounts. The close out also provided us with very good as-builts, owner manuals, and support of the process.

I would recommend AAA as they have been a great contractor to work with. If you have any questions please do not hesitate in contacting me.

Eric Calderon

Chief Technology Officer

West Covina Unified School District

626-939-4600 x4665 | ecalderon@wcusd.org

1717 W. Merced Ave. West Covina California 91790 (626) 939-4600

School District

Raising Up Caring, Creative & Confident Children ULARE CITY

02/23/2018

To Whom It May Concern:

I am writing on behalf of AAA Network Solutions, a recent vendor on one of our E-Rate Cabling Projects. In 2017, Tulare City School District sought bids in conjunction with upgrading both the wired and wireless infrastructure at our 10 Elementary Schools. AAA Network Solutions responded to this bid and ultimately was awarded contracts for Fiber Optic and Category 6 cabling as well as deprecated Wireless Access Point removal.

Up to this point, Tulare City School District had never worked with AAA Network Solutions but upon checking their references and several phone conversations with Mr. Huy Dinh (AAA Network Solutions Project Manager), we were confident of AAA Network Solution's ability to deliver on the contract(s).

Throughout the process, I found AAA Network Solutions entire staff to be quite competent, flexible and professional as we dealt with the myriad variables that occur in upgrading older physical plant design to current standards. When "grey areas" occurred, it was very easy to speak frankly with AAA Network Solutions regarding how to proceed in a fair and expeditious manner in order to keep the project on time and on budget.

Based on our dealings and experience with AAA Network Solutions staff, I would very much recommend them to any perspective customer/school district. I would expect AAA Network Solutions to deliver the same efficiency, professionalism and expertise as they have with our school district.

However, if you have any further questions about this issue or would like to speak directly regarding AAA Network Solutions, please feel free to call my office at 559-685-7370.

Thank You,

Daryl Shelton

Director I - Information Services

Tulare City School District

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600 N. Cherry St. Tulare, CA 93274



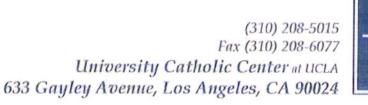
559.685.7200 559.685.7248 Fax



www.tcsdk8.org



facebook.com/tcsdk8





March 22, 2018

To Whom It May Concern:

It is with great pleasure that I write this letter of reference for AAA Network Solutions, Inc. AAA Network Solutions demonstrated their expertise at all levels and were great to work with. They updated our network system without intrusion and complications. They completed the project in a very timely manner and were very respectful of our building and work environment. We were extremely pleased with the quality of their work and the Level of their cooperation throughout the project. With great confidence, we would offer them another work project in the future. I would highly recommend AAA Network Solutions, Inc. for anyone who wants quality service.

Sincerely,

Fr, Jamie Baca, CSP

Fajamie Bucu, car

Director



Meet customer's needs, expectations, and budget!

www.aaansi.com 8401 Page Street, Buena Park, CA 90621 (714) 484-2711 Phone • (714) 484-2994 Fax

Company's Other Documentation



Contractor's License Detail for License # 938689

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 10/30/2017 2:37:49 PM

Business Information

AAA NETWORK SOLUTIONS INC 8401 PAGE ST BUENA PARK, CA 90621 Business Phone Number:(714) 484-2711

> Entity Corporation Issue Date 10/12/2009 Expire Date 10/31/2019

> > License Status

This license is current and active.

All information below should be reviewed.

Additional Status

There is Complaint Disclosure information for this license. <u>Classifications</u>

C10 - ELECTRICAL C-7 - LOW VOLTAGE SYSTEMS

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with PHILADELPHIA INDEMNITY INSURANCE COMPANY.

Bond Number: PB020833000006

Bond Amount: \$15,000 Effective Date: 01/01/2016 Contractor's Bond History

Bond of Qualifying Individual

This license filed Bond of Qualifying Individual number 100132620 for DAVID QUANG NGO in the amount of \$12,500 with AMERICAN CONTRACTORS INDEMNITY COMPANY.

Effective Date: 07/15/2010

This license filed Bond of Qualifying Individual number 251730C for THUYHANG THI TRINH in the amount of \$12,500 with

DEVELOPERS SURETY AND INDEMNITY COMPANY.

Effective Date: 04/15/2011

Workers' Compensation

This license has workers compensation insurance with the EVEREST NATIONAL INSURANCE COMPANY

Policy Number:7600017639 Effective Date: 05/15/2017 Expire Date: 05/15/2018 Workers' Compensation History

Other

Personnel listed on this license (current or disassociated) are listed on other licenses.

ACORD

AAASOLA-01

CMOUNTZ

05/14/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

CERTIFICATE OF LIABILITY INSURANCE

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(les) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0C36861	CONTACT Christina M Mountz				
Alliant Insurance Services, Inc. 735 Carnegie Dr Ste 200	PHONE (A/C, No, Ext): (909) 886-9861 FAX (A/C, No): (909) 8	886-2013			
San Bernardino, CA 92408	E-MAIL ADDRESS: cmountz@alliant.com				
	INSURER(S) AFFORDING COVERAGE				
	INSURER A: Travelers Indemnity Company of Connecticu				
INSURED	INSURER B: Travelers Property Casualty Company of America	25674			
AAA Network Solutions Inc.	INSURER C: Houston Casualty Company	42374			
8401 Page St Buena Park, CA 90621-3818	INSURER D:				
Buella Park, CA 90621-3818	INSURER E:				
	INSURER F:				

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

	TYPE OF INSURANCE	ADDL	SUBR	POLICY NUMBER	POLICY EFF	POLICY EXP	LIMIT	rs	
Х	COMMERCIAL GENERAL LIABILITY				Timming Control of	IMMINISTRATION	EACH OCCURRENCE	s	1,000,000
				DT22-CO-7K06378A -TCT-18	05/15/2018	05/15/2019	DAMAGE TO RENTED PREMISES (Ea occurrence)	s	300,000
X	\$5,000 PD Ded/Occ						MED EXP (Any one person)	s	5,000
							PERSONAL & ADV INJURY	s	1,000,000
GEN	LAGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	s	2,000,000
	POLICY X PRO-						PRODUCTS - COMP/OP AGG	s	2,000,000
	OTHER:						EBL GENERAL AGG	s	2,000,000
AUT	OMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	s	1,000,000
X	ANY AUTO			BA-7K06378A-18-CNS	05/15/2018	05/15/2019		s	
	OWNED SCHEDULED AUTOS							s	
X	HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE	s	
X	\$1,000 Comp Ded X \$1,000 Coll Ded							g	
X	UMBRELLA LIAB X OCCUR						EACH OCCURRENCE	s	1,000,000
	EXCESS LIAB CLAIMS-MADE			CUP-8K989192-18-26	05/15/2018	05/15/2019		s	1,000,000
	DED X RETENTIONS 10,000							\$	
WOR	KERS COMPENSATION						X PER OTH-		
ANY	PROPRIETOR/PARTNER/EXECUTIVE	ll		UB-7K06378A -18-26-G	05/15/2018	05/15/2019		\$	1,000,000
	datory in NH)	NIA						\$	1,000,000
If yes	, describe under CRIPTION OF OPERATIONS below								1,000,000
Prof	essional Liabili			TBD	05/15/2018	05/15/2019	Each Occ/Agg	-	1,000,000
									5000 3 000 40 50 10 3 000 5000
	AUT X X X X X X X X X X X X X X X X X X X	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO- OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY AUTOS ONLY AUTOS ONLY X \$1,000 Comp Ded X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION \$10,000 WORKERS COMPENSATION WORKERS COMPENSATION WORKERS COMPENSATION	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO- OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY X AUTOS ONLY X AUTOS ONLY X 1,000 Coll Ded X HIRED X SCHEDULED AUTOS ONLY X 1,000 Coll Ded X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION S 10,000 WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE N N/A (Mandatory in NH) If yes, describe under DESSCRIPTION OF OPERATIONS below	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRODUCY X DECT LOC OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY AUTOS ONLY X AUTOS ONLY X JOON COIL DED X HIRED AUTOS ONLY X AUTOS ONLY X \$1,000 COIL DED X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION S 10,000 WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE N N/A If yes, describe under DESCRIPTION OF OPERATIONS below	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X JROT LOC OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY ALTOS ONLY X AUTOS ONLY X S1,000 Coll Ded X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION S 10,000 WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE N N/A UB-7K06378A -18-26-G CUP-8K989192-18-26 UB-7K06378A -18-26-G	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO POLICY X PRO OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY X \$1,000 Coll Ded X UMBRELLA LIAB EXCESS LIAB DED X RETENTION \$ 10,000 WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below DT22-CO-7K06378A -TCT-18 05/15/2018 05/15/2018 05/15/2018	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ GENL AGGREGATE LIMIT APPLIES PER: POLICY X PRO LOC OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY X \$1,000 Comp Ded X X 1,000 Coll Ded X UMBRELLA LIAB X OCCUR EXCESS LIAB DED X RETENTION \$ 10,000 WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/REXECUTIVE N N / A N / A USES CRIPTION OF OPERATIONS below DT22-CO-7K06378A -TCT-18 05/15/2018 05/15/2019 05/15/2018 05/15/2019 05/15/2019 05/15/2019 05/15/2019	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$5,000 PD Ded/Occ DAMAGE TO RENTOCOMPROSE (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCT X PEOT LOC OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY X HIRED X NON-OWNED X \$1,000 Comp Ded X \$1,000 Com	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR S 55,000 PD Ded/Occ GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PROT OTHER: AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY X S1,000 Comp Ded X SCHEDULED AUTOS ONLY X S1,000 Comp Ded X RETENTIONS DEC X RETENTIONS DED X RETENTIONS DE

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Proof of Insurance

CERTIFICATE HOLDER	CANCELLATION
AAA Network Solutions Inc 8401 Page St Buena Park, CA 90621	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	Juy & Freena

ACORD 25 (2016/03)

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CERTIFICATE OF AUTHORIZATION

Presented To:

AAA Solar Electric as a **Select Installer**

for Uniprise Accreditation(s)

Approved Territory:

Southern California

SVP Global Partner Organization

2018

Program Year

6424

Partner ID





#

Hanwha Techwin America

Frank W. Burr Blvd., Suite 43 Teaneck, New Jersey 07666 877.213.1222 | Fax: 201.373.0124

Insidesales@hanwha.com



October 11, 2018

AAA Network Solutions, Inc. 8401 Page St Buena Park, CA 90621

To Whom It May Concern:

This letter confirms that the above named company holds the status of a Hanwha Techwin America Silver STEP Dealer Partner. This designation signifies that they are qualified to sell, install, program, service and we support up to 5 year warranty for the Wisenet/Samsung product line except PTZ motors and hard disk drives if sold by a Silver STEP Dealer. We also extend a six month advance replacement program to our Silver STEP Dealers. Our warranty program is outlined on our web page, www.hanwhasecurity.com and with all product documentation provide within all boxes. We authorize that AAA Network Solutions, Inc. has our full support in submitting a video surveillance system manufactured by us and to subsequently negotiate and sign the contract.

Hanwha Techwin America looks forward to providing you the best products and services in the security marketplace and if there is anything that I can do for you don't hesitate reach out to me.

Thank you,

Alyssa VanSant

Inside Sales Manager

North America Sales

Hanwha Techwin America

500 Frank W. Burr Blvd., Suite 43

Teaneck, NJ 07666

Office: 201-325-2634 Cell: 314-630-1830

a.vansant@hanwha.com

www.hanwhasecurity.com



1111 W. 35th Street, Chicago, IL 60609 773.869.1111 • Fax: 773.869.1329 www.tripplite.com

Tuesday, February 14, 2017

RE: Trippe Manufacturing Company ("Tripp Lite") Reseller Program

Tripp Lite 1111 W. 35th Street Chicago, IL 60609

To Whom It May Concern,

This is to confirm that AAA Network Solutions Inc. is an authorized Tripp Lite Reseller and is authorized to install and pass all applicable manufactures' warranties through to its customers. Tripp Lite provides this authorization through December 31, 2017.

Tripp Lite products include uninterruptible power supplies, surge suppressors, other power protection products, connectivity devices, notebook accessories, and other computer peripherals.

Regards,

TRIPP LITE MANUFACTURING COMPANY

David Felice Director of Sales



Since 1922. Power and connectivity solutions from desktop to data center.





February 27, 2017

To Whom It May Concern:

This letter is to acknowledge that AAA Network Solution Inc, located in Buena Park, CA is authorized to purchase, install, and service Valcom Engineered Solutions Products.

Valcom products are manufactured in our state of the art facility located in Roanoke, VA.

Valcom Systems comply with the Buy American Act provisions in the American Recovery and Reinvestment Act 2009.

Sincerely,

Jim Moras

Vice President

Valcom, Inc.

PROPOSAL

Copy of Magnolia Science Academy-1(MSA-1)Updated Viewsonic pricing 65inch

Magnolia Public Schools

18238 Sherman Way, Reseda, CA 91335 United States of America

Revision: 0

Modified: 11/14/2018



Presented By:

ION AVT Inc.

4961 Coldwater Canyon Ave #6 Sherman Oaks, California 91423 United States (818) 804-8891 http://ionavt.com/



Bell System

				Unit Price	Extended Price
	23	Wall model was a constant with the wall of	ommunication 8180 ount IP Speaker for Voice Paging, Loud Ringing and ation. Dual SIP Extensions, Power Over Ethernet and Selfasting Features Make the Algo 8180 a Powerful Performer for g in Almost Any Hosted or Premise VoIP Environment.	\$276.59	\$6,361.57
Rab		23	ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable for bell/paging system	\$35.00	\$805.00
X		23	ION AVT Inc. Installation Installation of bell/paging speaker and cabling installation.	\$100.00	\$4,600.00
	2	SIP Hor	ommunication 8186 rn Speaker, Weatherproof, Linux OS, 48 Volt, 2 Watt, 350 to ertz, 110 dBA, IP66, PoE, 11.8" Width x 6.6" Depth x 10.2"	\$395.00	\$790.00
		2	ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable for bell/paging system	\$35.00	\$70.00
X		2	ION AVT Inc. Installation Installation of bell/paging speaker and cabling installation.	\$100.00	\$400.00
	22	SIP Ceil	ommunication 8188 ling Speaker, Linux OS, 48 Volt, 2 Watt, 55 to 18000 Hertz, 88 DE, 9.8" Diameter x 7" Height, With Trim Ring	\$375.78	\$8,267.16
FN.		22	ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable for bell/paging system	\$35.00	\$770.00
X		22	ION AVT Inc. Installation Installation of bell/paging speaker and cabling installation.	\$100.00	\$4,400.00
1	1	_	ommunication 8301 301 IP Voice Paging Adapter & Bell Scheduler	\$340.38	\$340.38
X		1	ION AVT Inc. Installation Installation-technical services: install bell scheduler, setup paging.	\$950.00	\$950.00
	1	_	ti US-48-750W ti UniFi Switch	\$1,025.00	\$1,025.00

^{*} Price Includes Accessories



1 ION AVT Inc. Installation \$75.00 \$75.00 Installation of Wireless clock

24 Visiplex TS4142

\$85.00 \$2,040.00

New clocks for new building(we keep existing clocks in existing classrooms)

The TS4142 is a 12.5" Wireless Synchronized Wall Clock that can receive time synchronization signal from one of Visiplex Time Encoders, to provide accurate time display.



24 ION AVT Inc. Installation \$75.00 \$1,800.00

Installation of Wireless clock

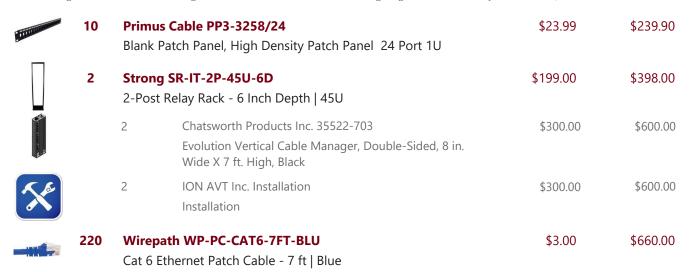
Bell System Total \$32,694.11

^{*} Price Includes Accessories

Cabling

			Unit Price	Extended Price
	150	Corning FB12-6803-M6R 6 Strand Distribution Fiber Optic Cable, Multimode, 50/125 OM4, Corning Fiber, Indoor, Riser OFNR (Per Foot)	\$1.50	\$225.00
		Corning 95-050-99-X Unicam High-performance Connector, LC, 50 μm Multimode (OM3/OM4 Compatible), Ceramic Ferrule, Logo, Single Pack, Black Housing, Aqua Boot	\$17.20	\$206.40
		 Corning FB23-4074R2 Fiber Patch and Splice Panel, Swing-Out, 1U, 2 Adapter Panel Capacity 	\$93.99	\$187.98
		 Corning FB24-2613LCG12 Fiber Adapter Plate, 10 Gig Multimode, 6 LC Duplex Couplers with Flanges 	\$35.00	\$70.00
X		1 ION AVT Inc. Installation Installation-technical services	\$125.00	\$750.00
	40	Corning FB12-6803-M6R 6 Strand Distribution Fiber Optic Cable, Multimode, 50/125 OM4, Corning Fiber, Indoor, Riser OFNR (Per Foot)	\$1.50	\$60.00
		Corning 95-050-99-X Unicam High-performance Connector, LC, 50 μm Multimode (OM3/OM4 Compatible), Ceramic Ferrule, Logo, Single Pack, Black Housing, Aqua Boot	\$17.20	\$206.40
		Corning FB23-4074R2 Fiber Patch and Splice Panel, Swing-Out, 1U, 2 Adapter Panel Capacity	\$93.99	\$93.99
88888		 Corning FB24-2613LCG12 Fiber Adapter Plate, 10 Gig Multimode, 6 LC Duplex Couplers with Flanges 	\$35.00	\$70.00
X		1 ION AVT Inc. Installation Installation-technical services	\$125.00	\$500.00
第2 4	111	ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable, wallplate, connectors, labels.	\$35.00	\$3,885.00
X		111 ION AVT Inc. Installation Installation-technical services	\$50.00	\$5,550.00

^{*} Price Includes Accessories



Cabling Total \$15,302.67

				To	ouch Boards
				Unit Price	Extended Price
ViewSunic state	20		Sonic IFP6560 Sonic 65" Viewboard 4K Interactive Flat Panel with Inglass sology	\$2,892.36	\$57,847.20
		20	ION Hovermount55-100 Pull-Down Full-Motion Articulating TV Wall Mount Bracket For TVs 55in to 100in, Max Weight 154lbs, VESA Patterns Up to 800x400, Rotating , Height Adjustable	\$223.75	\$4,475.00
X		20	ION AVT Inc. Installation Delivery and installation of board and mounting service	\$300.00	\$6,000.00
Touch E	Board	ds Total			\$68,322.20

^{*} Price Includes Accessories

IP Cameras

		Unit Price	Extended Price
20	LTSecurity CMIP7442-M Platinum 4.1MP High Definition, 4mm Fixed Lens, 1/3" CMOS, 30 IR LEDs up to 100ft, 3D DNR, DWDR, BLC, VCA, 3-Axis, Micro SD/SDHC/SDXC Card Slot, Vandal-Proof, IP66, DC 12V, PoE	\$167.69	\$3,353.80
	20 ION AVT Inc. Installation Installation-technical services	\$100.00	\$2,000.00
1	LTSecurity LTN8816K-P16 For existing cameras: Platinum Enterprise Level 16 Channel 4K NVR 1.5U	\$498.89	\$498.89
1	LTSecurity LTN8932 Platinum Enterprise Level 32 Channel 4K NVR 1.5U 32CH NVR, Support live view, storage, and playback, up to 12MP, HDMI Video output at up to 4K (3840 X 2160) resolution, Up to 4 SATA, Supports HDD quota and group modes, H.264/ H.264 Zip+ /H.265 Ready, 1CH CVBS	\$711.25	\$711.25
	Western Digital 4TB4TB HDD Western Digital	\$161.11	\$322.22
1	LTSecurity POE-SW2402E 24-Port 10/100Mbps IEEE 802.3af/at PoE Switch, 2 Gigabit Uplink ports: 10/100/1000Mbps RJ-45, 420-watts PoE budget, Restart button, Up to 820ft	\$354.44	\$354.44
ımeras	: Total		\$7,240.60

^{*} Price Includes Accessories

Accessories

			Unit Price	Extended Price	
ĪĪ	25	KOA HDMI-25 HDMI CABLE WITH 3D AND ETHERNET	\$10.65	\$266.25	
	1	Startech 4POSTRACKBK Open Rack for cable organizing and for switches in MDF	\$422.99	\$422.99	
X		1 ION AVT Inc. Installation Shipping and installation	\$100.00	\$300.00	
1	1	Strong SR-IT-CAB-42U-40IN IT Datacomm Series Network Rack Enclosure - 40 Inch Depth 42U	\$1,076.03	\$1,076.03	
X		1 ION AVT Inc. Installation Delivery and installation of IT/ server rack	\$100.00	\$300.00	
(approximation)	4	Strong SR-IT-WIREMGT-HORZ Horizontal Wire Management	\$29.83	\$119.32	
X		4 ION AVT Inc. Installation Installation	\$25.00	\$100.00	
- 5	1	Tripp-Lite SMART2600RM2U 2600VA UPS System SmartPro Rack/Tower Line-Interactive 120V 9 Outlet	\$1,000.00	\$1,000.00	
X		1 ION AVT Inc. Installation UPS battery backup delivery & installation	\$75.00	\$75.00	
Acces	Accessories Total \$3,659.59				

^{*} Price Includes Accessories

Controlled Access

			Unit Price	Extended Price
	1	HikVision DS-KAD606-P Hikvision DS-KAD606-P IP Video Intercom Power / Data Distributor	\$79.00	\$79.00
X		1 ION AVT Inc. Installation Installation Power distribution device for both doors Hikvision DS-KAD606-P	\$50.00	\$50.00
	1	HikVision DS-KH8301-WT Hikvision DS-KH8301-WT IP Video Intercom Indoor Station	\$362.58	\$362.58
-Ede		1 ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable for access control monitor/entry	\$35.00	\$35.00
X		1 ION AVT Inc. Installation Installation of monitor at reception desk for access control. installation of cabling.	\$100.00	\$200.00
Account of the control of the contro	2	Hikvision Usa Inc. DSKV8102IM Hikvision DS-KV8102-IM Video Door Phone	\$330.00	\$660.00
P		2 HikVision DS-KAB01 Hikvision DS-KAB01 Door Entry Mounted Box	\$59.00	\$118.00
		2 ION AVT Inc. Cat6 Data Jack High quality Cat 6 network cable for call box system	\$35.00	\$70.00
X		2 ION AVT Inc. Installation Installation of call box, cabling and setup	\$100.00	\$400.00
Conti	rolled	Access Total		\$2,174.58

Project Subtotal: \$129,393.75

^{*} Price Includes Accessories

PROJECT SUMMARY

Equipm Labor: Sales T		\$99,143.75 \$30,250.00 \$9,418.66
Grand	d Total:	\$138,812.41
Client:	Julian Bryce Lopez	 Date
Contractor:	ION AVT Inc.	



ION AVT Inc. | mihai@ionavt.com | 818-804-8891 | www.ionavt.com

Thank you for the opportunity to bid on your project!

Notes:

- 1. Cat 6 CMR cable drop cost: \$85/drop
- 2. Cat 6 Plenum rated cable drop cost \$120/drop





Date: 11/9/2018

Quote #: 117181

Vendor #: Staples Technology

Expiration Date: 30 days

Staples Technology Solutions

Remit Payments To:

Bill To: Magnolia Public Schools 250 E. 1st Street, Suite 1500 Los Angeles, CA 90012 Ship To: Magnolia Public Schools 250 E. 1st Street, Suite 1500 Los Angeles, CA 90012

		Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
--	--	-------------	-----	--------------------	----------------	------------------	---------------	----------

Qty	Item #	Description	Unit Price	ine Total
				\$ -
		Build of Materials (BOM)		\$ -
				\$ -
40	V-9022A-2	LAY-IN CEILING SPEAKER W/BACKBOX Qty 1 Must be ordered in quantities of 2. Vendor ships 2 units per box. priced per piece, not per box (-1)	\$ 54.87	\$ 2,194.80
40	T-Bar	TWO FOOT T-BAR FOR LAY-IN PANEL CEILINGS	\$ 3.94	\$ 157.60
46	V-9852	Vandal Resistant 8 Wall Speaker (Includes V-9807) (-1)	\$ 82.76	\$ 3,806.96
2	V-1036M	One-way, 5 W, Self-Amplified Marine Horn, White Non-yellowing is resistant to deteriorating effects of salt, sun, high humidity and is equipped with O-ring seals/stainless steel hardware for shipboard/marinas or interior/exterior industrial applications (-5)	\$ 95.36	\$ 190.72
1	V-2003A	3 Zone, One-Way paging adaptor (+20)	\$ 207.73	\$ 207.73
1	VIP-821A	Enhanced Network Trunk Port	\$ 266.25	\$ 266.25
1	CTG-1	Time Controlled Alert Tones and Emergency Tones for Paging Systems		\$ -
1	VP-2124D	PWR SUPPLY 24VDC 2AMP SWITCH (+40)	\$ 71.11	\$ 71.11
1	VP-4124D	POWER SUPPLY SWITCHING 4 AMP 24 VOLT	\$ 125.21	\$ 125.21
1	JP621	CAT3 Telco Splice Block, Type 66, 50-Pair, Prewired	\$ 38.47	\$ 38.47
1	ELN25T-0005-MF	CAT3 Telco Connector Cable, 24 AWG, Straight-Wired	\$ 19.92	\$ 19.92
5	56005	1000FT CAT5E BULK UNSHIELDED (UTP) NETWORK CABLE WITH SOLID CONDUCTORS - PLENUM CMP-RATED - WHITE	\$ 224.14	\$ 1,120.70
1	V-WMCA	Wireless Master Clock Transceiver	\$ 1,395.72	\$ 1,395.72
1	V-C6124P	POWER SUPPLY 6 AMP POSITIVE 24VDC	\$ 173.63	\$ 173.63
1	V-VCU	6 AMP 2 WIRE CLOCK DRIVER	\$ 408.47	\$ 408.47
45	V-A2416	16 round clock, black, surface mount, 24V	\$ 129.37	\$ 5,821.65

NRV2011-STB STB Video Storage \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 2,758,19 \$ 7,230,48 \$ 20 \$ SBP-300NB Installation back box \$ 166,86 \$ 3,337,20 \$ \$	2	DSKD3002VM	HIKVISION USA INC: 1.3 MP Metal Door Station; Visible Light Supplement; Remotely answering the call via the client or the app; IP65; 12 VDC	\$ 514.79	\$	1,029.58
20	2	DS-KH8301-WT	Ethernet; Wi-Fi 802.11b/g/n; 8-ch alarm input; support SD card;	\$ 327.28	\$	654.56
SBP-300NB	1	XRN-2011-8TB	8TB Video Storage	\$ 2,758.19	\$	2,758.19
Closed, Lockable, Deep Cabinet Racks	20	XNV-6020R	1080P camera	\$ 361.53	\$	7,230.60
Closed, Lockable, Deep Cabinet Racks	20	SBP-300NB	Installation back box	\$ 166.86	\$	3,337.20
RK2536BKF 25U 36IN KNOCK-DOWN SERVER RACK CABINET \$ 723.73					\$	-
TDF			Closed, Lockable, Deep Cabinet Racks		\$	-
TDF		DY/252 / DY/5	ASTI AVINI VALOCIV DOLLAL CEDVED DI CIVICA DINIET		ф	F22 F2
TIDE	1	RK2536BKF	25U 36IN KNOCK-DOWN SERVER RACK CABINET	\$ 723.73		723.73
2 ZDF242430 Panduit Industrial Distribution Frame (IDF) \$ 2,902.39 \$ 5,804.78			TDE.			-
Rack - cabinet - wall mountable - light gray powder coat - 12U - 19"			IDF		\$	-
APOSTRACK25U 25U ADJUSTABLE DEPTH 4 POST SERVER RACK \$ 237.61 \$ 237.6	2	ZDF242430		\$ 2,902.39	\$	5,804.78
1 4POSTRACK25U 25U ADJUSTABLE DEPTH 4 POST SERVER RACK \$ 237.61 \$					\$	-
INSTALLATION SERVICES BELOW			Open Frame Racks		\$	-
INSTALLATION SERVICES BELOW						
220 Service Data runs \$ 214.00 \$ 47,080.00	1	4POSTRACK25U	25U ADJUSTABLE DEPTH 4 POST SERVER RACK	\$ 237.61	\$	237.61
220 Service Data runs \$ 214.00 \$ 47,080.00 1					\$	-
1 Service 150' Fiber \$ 1,831.00 \$ 1,831.00 1 Service 40' Fiber \$ 1,498.00 \$ 1,498.00 20 Service Cameras (Install) \$ 95.00 \$ 1,900.00 NVR (Install and configure including cameras, and all configuration for all other devices) *Does not include any Switch, VLAN or other combination ETC* \$ 1,150.00 \$ 1,150.00 88 Service Speakers \$ 95.00 \$ 8,360.00 88 Service Speaker runs (CAT6) \$ 214.00 \$ 18,832.00 1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service IMDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Smartboards \$ 333.00 \$ 6,660.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 45 Service Clocks (wireless not including power) <td></td> <td></td> <td>INSTALLATION SERVICES BELOW</td> <td></td> <td>\$</td> <td>-</td>			INSTALLATION SERVICES BELOW		\$	-
1 Service 150' Fiber \$ 1,831.00 \$ 1,831.00 1 Service 40' Fiber \$ 1,498.00 \$ 1,498.00 20 Service Cameras (Install) \$ 95.00 \$ 1,900.00 NVR (Install and configure including cameras, and all configuration for all other devices) *Does not include any Switch, VLAN or other combination ETC* \$ 1,150.00 \$ 1,150.00 88 Service Speakers \$ 95.00 \$ 8,360.00 88 Service Speaker runs (CAT6) \$ 214.00 \$ 18,832.00 1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service IMDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Smartboards \$ 333.00 \$ 6,660.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 45 Service Clocks (wireless not including power) <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
1 Service 40' Fiber \$ 1,498.00 \$ 1,498.00 20 Service Cameras (Install) \$ 95.00 \$ 1,900.00 NVR (Install and configure including cameras, and all configuration for all other devices) *Does not include any Switch, VLAN or other combination ETC* \$ 1,150.00 \$ 1,150.00 88 Service Speakers \$ 95.00 \$ 8,360.00 88 Service Speaker runs (CAT6) \$ 214.00 \$ 18,832.00 1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service 1 MDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00	220	Service			-	
Service Cameras (Install) \$ 95.00 \$ 1,900.00					_	1,831.00
NVR (Install and configure including cameras, and all configuration for all other devices) *Does not include any Switch, VLAN or other combination ETC*						
1 Service for all other devices) *Does not include any Switch, VLAN or other combination ETC* \$ 1,150.00 88 Service Speakers \$ 95.00 \$ 8,360.00 88 Service Speaker runs (CAT6) \$ 214.00 \$ 18,832.00 1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service 1 MDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00	20	Service	Cameras (Install)	\$ 95.00	\$	1,900.00
88 Service Speaker runs (CAT6) \$ 214.00 \$ 18,832.00 1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service 1 MDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00	1	Service	for all other devices) *Does not include any Switch, VLAN or other	\$ 1,150.00	\$	1,150.00
1 Service Bell/PA System \$ 235.00 \$ 235.00 1 Service 1 MDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 5 Subtotal \$ 132,257.19	88	Service	Speakers	\$ 95.00	\$	8,360.00
1 Service 1 MDF server rack and open rack install \$ 385.00 \$ 385.00 2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 5 Subtotal \$ 132,257.19	88	Service	Speaker runs (CAT6)	\$ 214.00	\$	18,832.00
2 Service IDF racks \$ 235.00 \$ 470.00 24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 \$ - Subtotal \$ 132,257.19	1	Service	Bell/PA System	\$ 235.00	\$	235.00
24 Service 25' HDMI runs \$ 53.00 \$ 1,272.00 20 Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 5 Subtotal \$ 132,257.19	1	Service	1 MDF server rack and open rack install	\$ 385.00	\$	385.00
Service Smartboards \$ 333.00 \$ 6,660.00 2 Service Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00 45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 \$ Subtotal \$ 132,257.19	2	Service	IDF racks	\$ 235.00	\$	470.00
Front and back buzzer system (assuming cameras are included in the 20 cameras above) \$ 267.00 \$ 534.00	24	Service	25' HDMI runs	\$ 53.00	\$	1,272.00
2 Service 20 cameras above) \$ 267.00 \$ 534.00 \$	20	Service			\$	6,660.00
45 Service Clocks (wireless not including power) \$ 95.00 \$ 4,275.00 \$ - Subtotal \$ 132,257.19	2	Service		\$ 267.00	\$	534.00
\$ - Subtotal \$ 132,257.19	45	Service		\$ 95.00	\$	4,275.00
Subtotal \$ 132,257.19					_	-
Sales Tax \$ 3,588.64		-		Subtotal		132,257.19
				Sales Tax	\$	3,588.64

	CA Ewaste Fee	\$ -
	Total	\$ 135,845.83
*Notwithstanding anything to the contrary Collar recorges the right to	diust prising	

*Notwithstanding anything to the contrary, Seller reserves the right to adjust pricing proportionate with the impact of tariffs, customs or duties imposed on the Products.

Thank you for your business!



Quote

Date: 11/9/2018

Quote #: 119183

Vendor #: Staples Technology

Expiration Date: 30 days

Remit Payments To:

Staples Technology Solutions

P.O. Box 95230

Bill To: Magnolia Public Schools 250 E. 1st Street, Suite 1500 Los Angeles, CA 90012 Ship To: Magnolia Public Schools 250 E. 1st Street, Suite 1500 Los Angeles, CA 90012

Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
Tray	ViewSonic 65"	BEST WAY	N/A	ASAP	Net30	ASAP

Qty	Item #	Description	Unit Price	I	Line Total
20	IFP6550	Viewsonic IFP6550 65" 2160p 4K Interactive Display, 20-Point Touch, VGA, HDMI - 65" LCD - ARM Cortex A53 1.50 GHz - 2 GB - Infrared (IrDA) - Touchscreen - 16:9 Aspect Ratio - 3840 x 2160 - LED - 350 Nit - 1,200:1 Contrast Ratio - 2160p - USB - HDMI - VGA - Android 5.1 Lollipop 65IN		\$	46,700.20
20	WMK-047-2	ViewSonic WMK-047-2 Wall mount for LCD display - mounting interface: 400 x 200 mm - for ViewSonic CDE5510; ViewBoard IFP6550, IFP6560, IFP7560	\$ 1.00	\$	20.00
		·	Subtotal	\$	46,720.20
			Sales Tax	\$	4,438.42
			CA Ewaste Fee	\$	140.00
			Total	\$	51,298.62

*Notwithstanding anything to the contrary, Seller reserves the right to adjust pricing proportionate with the impact of tariffs, customs or duties imposed on the Products.

Free Freight

Thank you for your business!



REVISED

Facilities Committee Agenda Item #	III.A.
Board Agenda Item #	TBD
Date:	11.05.2018
To:	Magnolia Board of Directors
From:	Alfredo Rubalcava CEO & Superintendent
Staff Lead:	Rasul Monoshev, MPS IT Director
	Approval of Vendors for MSA-1 Construction Technology Infrastructure
	Recommendations:
	MSA-1 Cabling with server racks, security cameras and labor items
	Vendor – Digital Synergy
	Total pricing for the cabling, cabinets, security cameras, and intrusion system and labor—\$60,943.86
RE:	Viewsonic screens, cables for the classrooms:
KE.	We would like to do the RFP again due to some complications that arose just recently.
	Public Announcement/Bell system:
	 Vendor for equipment – ProAcoustics Pricing for the equipments and software –\$13,000 Labor for installation – \$9,000 (We will request a quote from Digital Synergy for the installation) Total for PA Bell system not to exceed \$22,000
	Grand Total for All Equipment and Services – \$82,943.86

Proposed Board Recommendation

I move that the board awards the winning bid according to vendor evaluation matrix and adopt the purchase of equipment and cabling services for Magnolia Science Academy (MSA)-1

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operating within the approved budgeted amounts. Should there be a similar need for any other Magnolia Public Schools(MPS), the approved vendor, machine model, and pricing per unit will be used between dates July 1st, 2018 – June 30th, 2020.

Background

For Magnolia Science Academy (MSA)-1's new construction project, the MPS IT Department voluntarily took the responsibility for the planning and implementation of the IT infrastructure for the campus due to the cost effectiveness (From our previous experience, if we select and negotiate our own vendors for the project we save significant amounts of money for the school).

We had plans for two RFP processes for the MSA-1 Construction: first, for E-Rate eligible items like switches, wireless access points which can be purchased after April 1st, 2019 and, second, for the time sensitive items such as Ethernet cabling. The latter is the subject of the RFP referenced herein.

The MPS IT Department opened the RFP process for which the due date was November 2nd, 2018, but due to a lot of interest from vendors and lots of questions and walkthrough requests we amended the RFP and extended the due date for one more week until November 9th, 2018. The RFP evaluation committee consisted of MPS Facilities Director Mr. P. Ontiveros, MPS IT Director, Mr. R. Monoshev, MSA-1 Principal, Mr. M. Sahin, and MSA-1 IT Manager, Mr. J. Lopez. The committee evaluated the bids received and recommends awarding of the bid to Digital Synergy. We would like to do the RFP bidding process for the Visual touchscreen displays for the classrooms again.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor: qualifications, credentials, certifications, experience, references	20%
Contract terms and conditions	10%
Total	100.00%

Budget Implications

The budget developed by MPS Staff for the MSA-1 new construction includes an allowance of \$220,000 for the MSA-1 construction technology infrastructure. The scope of work will be paid for from the 2017 bond proceeds. At the end of the RFP biddings, especially with E-Rate grant portion, our estimate is that we will be saving around \$75,000 for the school from original budget of \$220,000.

Name of Staff Originator: Rasul Monoshev

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Cover Sheet

Approval Recommendation of PrimeSource Invoice and Payment

Section: III. Approval Recommendation Items Related to Facilities Item: B. Approval Recommendation of PrimeSource Invoice and

Payment

Purpose: Vote

Submitted by:

Related Material: III B PrimeSource Outstanding Payment.pdf



Facilities Committee Agenda Item #:	III.B Action Item
Board Agenda Item #:	TBD
Date:	December 5, 2018
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee (the "Facilities Committee")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Approval to Pay Outstanding PrimeSource Project Invoices for Work Completed on the Two (2) MSA-1 Projects

I. Proposed Committee Recommendation(s)

Staff moves that the Facilities Committee approve and recommend that the full Board of Directors of MPS (the "MPS Board") approve the payment to PrimeSource Project Management LLC ("PrimeSource") of \$24,862.40 for work performed to date on both MSA-1's new construction project at 18220 Sherman Way and its rehabilitation investigation project for the existing building at 18238 Sherman Way (together, the "Project"). The amount of this payment is above the estimated contract amount reflected in the PrimeSource and MPS contract for professional construction management services.

II. Background

A. Project Background

There are two projects currently underway at MSA-1: (i) a new construction project that will eventually house MSA-1's high school population (the "New Construction Project") and (ii) a structural and MEP investigation of the existing building and structural redesign and HVAC and MEP redesign that will eventually house MSA-1's middle school population (the "Rehab Investigation Project").

PrimeSource has been acting as a project manager and construction manager for both the New Construction Project and the Rehab Investigation Project. While they are separate projects—one is ground up construction and the other is investigatory for an eventual rehabilitation—both are for the benefit of MSA-1. In addition, as part of the New Construction Project PrimeSource has been involved in managing the rezoning of the MSA-1 parking lot parcels and exploring a collaborative partnership with the City of LA to create a skating rink that would benefit MSA-1. When PrimeSource informed MPS that it was nearing the estimate set forth in the Agreement, MPS Staff instructed PrimeSource to keep working on the Project in order to meet critical deadlines for the completion of the Project, and in particular the New Construction Project.



B. Policy

MPS Board policy requires that all project change orders be brought to the Board for review and approval. The PrimeSource outstanding balance is like a change order to the Agreement.

C. The PrimeSource Agreement

MPS entered into a Construction Management Consulting Agreement with PrimeSource as of August 21, 2017 (the "Agreement"). The PrimeSource Agreement provides that "[PrimeSource] shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit 'B' attached hereto...". The PrimeSource Agreement is a time and materials contract. In Exhibit B, the Agreement states that "[t]otal estimated fees are \$308,000 based on ... presumed project schedule and level of resources required." While the Agreement is not a lump sum or fixed fee contract whose cap has been exceeded, MPS Staff nevertheless deems it prudent to bring the matter of the outstanding invoices that exceed the original estimate to the Facilities Committee and MPS Board for approval of payment.

III. Budget Impacts

With the anticipated inter-company loan, the MSA-1 New Construction Project budget has sufficient contingency to absorb the added cost CM cost. The previously approved New Construction Project budget remains unchanged. The current Project budget, as of November 27, 2018 is as follows:

			Invoice Summary	
			Invoices Received to Date	Left-to-Pay
Budget Summary	Approved Budget	Current Tracking Budget	31.0%	69.0%
Acquisition Cost Subtotal	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Hard Costs Subtotal	\$8,448,979	\$8,527,158	\$1,583,246	\$6,943,912
Soft Costs Subtotal	\$968,490	\$950,078	\$622,026	\$328,052
Financing Costs Subtotal	\$55,000	\$55,000	\$25,000	\$30,000
Management Costs Subtotal	\$250,000	\$333,312 [1]	\$308,450	\$24,862
Subtotal Project Costs	\$10,722,469	\$10,865,548	\$3,538,722	\$7,326,964
Budget Contingencies	\$633,528	\$490,449 [2]	\$0	\$490,449
Total Project Budget	\$11,355,997	\$11,355,997	\$3,538,722	\$7,817,275

Notes:

- [1] Approved budget showed \$250,000 with the balance expected to be paid from the 2014 bond; current budget is higher because all PrimeSource invoices have been paid from 2017 bond proceeds
- [2] Reflects impact of Oltmans's change order #1 and impact of PrimeSource invoice

Cover Sheet

PrimeSource Report and Approval Recommendation of Amended Contract

Section: III. Approval Recommendation Items Related to Facilities Item: C. PrimeSource Report and Approval Recommendation of

Amended Contract

Purpose: Vote

Submitted by: Related Material:

III C PrimeSource Report and Recommendation .pdf

III C REVISED PrimeSource Report and Recommendation (v3.5).pdf



Facilities Committee Agenda Item #:	III C- Action Item	
Board Agenda Item #:	TBD	
Date:	December 05, 2018	
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee (the "Facilities Committee")	
From:	Alfredo Rubalcava, CEO & Superintendent	
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities	
RE:	Description of PrimeSource Project Management LLC (Construction Manager) Services for MSA – 1 and Recommendation for Continued Services	

I. Proposed Committee Recommendation(s)

Staff moves that the Facilities Committee approve and recommend that the full Board of Directors of MPS (the "MPS Board") approve a change order request from PrimeSource Project Management LLC ("PrimeSource") for a lump sum fee not to exceed \$150,000 (inclusive of the \$24,862.40 to be paid to PrimeSource for work performed above the \$308,450 estimate contained in the existing PrimeSource MPS contract) to continue providing construction management services for both MSA-1's new construction project at 18220 Sherman Way and its rehab investigation project and rehab project for the existing building at 18238 Sherman Way (collectively, the "Project") to and through completion.

II. Background

A. Project Descriptions

There are two projects currently underway at MSA-1: (i) a new construction project at 18220 Sherman Way that will eventually house MSA-1's high school population (the "New Construction Project") and (ii) a rehabilitation investigation project of the existing building at 18220 Sherman Way that will eventually house MSA-1's middle school population (the "Rehab Investigation Project"). The contract for the New Construction Project was awarded to Oltmans Construction Co. The New Construction Project is approximately 30% complete. The Rehab Investigation Project entails various investigations into the state of the structural integrity of the existing building, seismic renovation design, and HVAC renovation design, the purpose of which is to clearly define a scope of work that can be bid out in an RFP process. Upon completion of the Rehab Investigation Project, MPS Staff will report back to the Facilities Committee with its findings and a proposed course of action to rehab the existing building.



B. PrimeSource Agreement and Services Provided to Date

1. PrimeSource Agreement

MPS entered into a Construction Management Consulting Agreement with PrimeSource as of August 21, 2017 (the "**Agreement**"). A copy is attached as Exhibit A. For the sake of clarity, a description of the typical duties of a construction manager (as compared to a general contractor) is attached as Exhibit B.

PrimeSource's scope of services is provided in two places in the Agreement—Section 2.2 and Exhibit A. Section 2.2 provides that "Client desires to engage Consultant to render its services in connection with Client's Facilities Program at Magnolia Science Academy/Santa Ana and Magnolia Science Academy/Reseda ("Project")." While Section 2.2 references MSA-Santa Ana, Exhibit A does not make any reference to that project. Exhibit A describes the scope in relevant part as follows: "Provide construction management services at the following school: "Magnolia Science Academy 1 – Reseda". It further describes the scope of work under the Agreement as follows (emphasis added):

- Alterations to existing main classroom building including elevator installation design complete and in DSA submission building is occupied, modifications must work around school operations, improvements to be completed in SY17-18.
- Abatement and demolition of existing commercial building Magnolia soliciting bids at this time, abatement and demolition to take place as soon as possible
- Construction of new classroom building design complete, now in DSA construction to begin as soon as possible, completion for start of SY18-19, by August 2018.
- Interim modifications to existing parking lot to accommodate school athletics and outdoor activities interim until construction of new cafegymatorium planned for construction starting in 2018 design not done improvements to be made during SY17-18.

The Agreement is a time and materials contract. Section 3.5.1 of the Agreement provides that "[PrimeSource] shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit 'B' attached hereto...". The Agreement does not include a not to exceed provision, although in Exhibit B, it does state that "[t]otal estimated fees are \$308,000 based on attached spreadsheet of presumed project schedule and level of resources required." The referenced spreadsheet is not in fact attached to the Agreement.

In sum, it is clear based on the language of the Agreement that MPS contemplated that PrimeSource's scope of work was sufficiently expansive to include project and construction management services for both the New Construction Project and the Rehab Investigation Project. However, for the avoidance of doubt, MPS Staff recommends that if PrimeSource is further engaged to continue working on the Projects that the amendment clearly articulate the scope of work and PrimeSource's duties. A sample description is included as Exhibit B.



2. Services Under the Existing Agreement

PrimeSource has been acting as a project manager and construction manager for both the New Construction Project and the Rehab Investigation Project. While they are separate projects—one is ground up construction and the other is investigatory work—both are for the benefit of MSA-1. Moreover, PrimeSource has been involved in managing the rezoning of the MSA-1 parking lot parcels and exploring a collaborative partnership with the City of LA to create a skating rink that would benefit MSA-1.

PrimeSource was hired to construction manage a "ready to go" new construction project. "Ready to go" in this context means that all plans are final and reviewed by the Los Angeles Department of Building and Safety and permits are ready to issue. However, the New Construction Project was not "ready to go" and, as a consequence, PrimeSource's services expanded to include extensive pre-development services to get the New Construction Project "ready to go". Plan check took many more months than expected. The design team required assistance in finalizing the plans Notwithstanding the delay in permit issuance, PrimeSource was able to save time on the schedule by demolishing the then existing building at 18220 Sherman Way which served as a gymnasium for MSA-1. Upon the selection of a general contractor and the beginning of construction, PrimeSource actively managed the day to day operations. PrimeSource's expertise was particularly helpful not only in addressing questions and issues as they arose but also anticipating issues that might arise. For example, PrimeSource was a principal driver in having the construction and design teams re-visit the surface play area on the roof to make sure it was designed to last without leaking, a common problem with play areas placed on the roof. In addition, PrimeSource's services encompassed typical construction management duties, for example, reviewing RFIs, submittals, etc.

PrimeSource also commenced reviewing the existing building and identified and hired engineers to study various components of the building and to recommend improvements. It was this investigation that uncovered the structural deficiencies in the existing building. PrimeSource then tasked the same engineers with designing appropriate fixes.

C. Contract Extension and Amendment

MPS staff expects that if the Facilities Committee and MPS Board approve an extension of the Agreement, that PrimeSource's scope of work, unless modified, will include substantially the same scope of work as described herein. MPS Staff believes it would be prudent to continue to use PrimeSource both on the New Construction Project and on the Rehab Investigation Project as well as the resulting rehab project once the scope for the existing building has been fully developed. MPS's scope of work could include the following:

Continue to manage the New Construction Project (including site work but not zoning work and not FF&E procurement or move-in) to keep it on schedule and on or under budget; such services include but are not limited to

- Reviewing payment applications
- Troubleshoot and propose solutions in real time



- Review RFIs and submittals and insure that the design team responds in a timely manner
- Manage the engineers, architects, and inspectors; liaise with City utility companies as needed

Continue to manage the Rehab Investigation Project in order to develop a scope of work that can then be bid out, including but not limited to

- Manage the engineers and architect preparing plans for submission to the City of Los Angeles Department of Building and Safety
- Manage roof replacement and seismic retrofit
- Collaborate with First Note Finance to oversee the replacement of the HVAC units using Prop 39 Energy Efficiency Funds
- Manage the bid process for the Rehab Project

MPS Staff can work with PrimeSource to better define a scope based on fee considerations.

D. PrimeSource Fee Discussion

MPS Staff believes that the change order request is fair and reasonable in light of the increased scope of work undertaken by PrimeSource and the extension of the project.

As a percentage of the total budget for the New Construction Project, the total PrimeSource fee, inclusive of the change order request, will be 3% of the total New Construction Project budget previously approved by the MPS Board ($\$375,000 \div \$11,355,997$). This percentage compares favorably to the construction management fee paid to Gafcon which equaled 4.25% of the total project cost for that project ($\$191,439 \div \$4,501,128$). Typically CM fees range from 5% to 10% of overall project costs. PrimeSource's scope of work is much more expansive than Gafcon's, including both the New Construction Project and the TI Project, and including pre-development as well as construction management scopes.

III. Budget Impacts

The MSA-1 New Construction Project budget, as adopted by the MPS including the anticipated intercompany loan, has sufficient contingency to absorb the added change order cost. The previously approved New Construction Project budget remains unchanged. The current Project budget, as of November 27, 2018, is as follows:



			Invoice Summary	
			Invoices Received to Date	Left-to-Pay
Budget Summary	Approved Budget	Current Tracking Budget	31.0%	69.0%
Acquisition Cost Subtotal	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Hard Costs Subtotal	\$8,448,979	\$8,527,158	\$1,583,246	\$6,943,912
Soft Costs Subtotal	\$968,490	\$950,078	\$622,026	\$328,052
Financing Costs Subtotal	\$55,000	\$55,000	\$25,000	\$30,000
Management Costs Subtotal	\$250,000	\$375,000 [1]	\$308,450	\$66,550 ^[2]
Subtotal Project Costs	\$10,722,469	\$10,907,236	\$3,538,722	\$7,368,514
Budget Contingencies	\$633,528	\$448,761 ^[3]	\$0	\$448,761
Total Project Budget	\$11,355,997	\$11,355,997	\$3,538,722	\$7,817,275

Notes:

- [1] The original approved budget was set at \$250,000 because MPS Staff intended to allocate said amount to the New Construction Project and \$58,000 to the Rehab Project from the \$308,450 PrimeSource fee. However, since all fees to date have been paid from the 2017 Bond the CM Fee has been re-adjusted. The above budget includes an allowance of \$66,550 to pay PrimeSource's outstanding invoice of \$24,862 and to pay for remaining services on the New Construction Project.
- [2] "Left to Pay" amount reflects outstanding amount of \$24,862 for current invoice and \$41,688 for future invoices
- [3] Reflects impact of PrimeSource change order. Also, reflects previously approved Oltmans Change Order #1.

Exhibits (attachments):

- A. Professional Services Agreement is entered into on August 21, 2017 by and between Magnolia Educational & Research Foundation and PrimeSource Project Management LLC
- B. Construction Manager General Description
- C. Sample Scope of Service



Exhibit A

PrimeSource Project Management LLC and Magnolia Public Schools Consulting Agreement

SCOPE OF WORK; ALSO SEE EXHIBIT A

AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION AND PRIMESOURCE PM, LLC

1. Parties and Date.

1.1. This Agreement ("Agreement") is made and entered into this 21st day of August, 2017, by and between the MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION ("Client") and PRIMESOURCE PM, LLC ("Consultant") (collectively referred to as the "Parties" and each individually as "Party").

2. Recitals.

- 2.1. <u>Consultant</u>. Consultant is a professional consultant, experienced and properly certified/licensed to provide the professional services described herein.
- 2.2. <u>Project.</u> Client desires to engage Consultant to render its services in connection with Client's Facilities Program at Magnolia Science Academy/Santa Ana and Magnolia Science Academy/Reseda ("Project").

Terms.

- 3.1. Scope of Services. Consultant promises and agrees to furnish all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply professional services, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (collectively "Services"). All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.
- 3.2. Responsibilities of Consultant.
 - 3.2.1. Control and Payment of Consultant and its Subordinates. Client retains Consultant on an independent contractor basis and Consultant is not an employee of Client. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by Law. Consultant shall be responsible for all reports and obligations respecting such employees, including, but not limited to, social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance. If Client is using State funds for the Project and is required to enforce a Labor Compliance Program ("LCP"), then Consultant shall be required to enforce Client's LCP as applicable.
 - 3.2.2. <u>Conformance to Applicable Requirements.</u> All work prepared by Consultant is subject to the approval of Client and any and all applicable regulatory State agencies.
 - 3.2.3. <u>Reports.</u> Consultant shall provide copies of all reports required to be submitted to applicable regulatory State agencies to Client, whether or not such reports must be submitted to the Client.
 - 3.2.4. <u>Work Authorization</u>. Consultant shall obtain from Client a work authorization for the Project prior to commencing work. Such work authorization shall reiterate Consultant's duties outlined herein.

- 3.2.5. <u>Coordination of Services</u>. Consultant agrees to work closely with Client staff in the performance of Services and shall be available to Client's staff, consultants and other staff at all reasonable times.
- 3.2.6. Standard of Care. Consultant shall perform all Services under this Agreement in a skillful, competent and timely manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all of Consultant's employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Consultant further represents that it, its employees and subcontractors or subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.
- 3.2.7. <u>Laws and Regulations</u>. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services provided by Consultant.
- 3.3.<u>Insurance</u>. Consultant shall comply with the following insurance provisions, unless one or more paragraphs are specifically waived by the Client in writing:
 - 3.3.1. <u>Time for Compliance</u>. Consultant shall not commence Services under this Agreement until it has provided evidence satisfactory to Client that it has secured all insurance required under this Section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Client that the subcontractor has secured all insurance required under this Section.
 - 3.3.2. <u>Minimum Requirements and Limits</u>. Consultant shall, at its expense, procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:
 - 3.3.2.1. General Liability: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); \$2,000,000 per occurrence for bodily injury, personal injury and property damage;
 - 3.3.2.2. Automobile Liability: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); \$1,000,000 per accident for bodily injury and property damage;
 - 3.3.2.3. Workers' Compensation and Employers' Liability: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and

- 3.3.2.4. *Professional Liability*: Coverage which is appropriate to the Consultant's profession, or that of its consultants or subcontractors, but not less than \$1,000,000 per claim/ \$1,000,000 aggregate.
- 3.3.3. <u>Insurance Endorsements</u>. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the Client to add the following provisions to the insurance policies:
 - 3.3.3.1. *General Liability*. The general liability policy shall be endorsed to state that: (1) the Client, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the Client, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Client, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.
 - 3.3.3.2. Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the Client, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the Client, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Client, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.
 - 3.3.3. *Professional Liability*. Consultant and its sub-consultants and subcontractors shall procure and maintain liability insurance with limits discussed in this Section.
 - 3.3.3.4. All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Client; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to Client, its directors, officials, officers, employees, agents and volunteers.
- 3.3.4. <u>Separation of Insureds</u>; <u>No Special Limitations</u>. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Client, its directors, officials, officers, employees, agents and volunteers.

- 3.3.5. <u>Verification of Coverage</u>. Consultant shall furnish Client with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Client. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by Client if requested. Client reserves the right to require complete, certified copies of all required insurance policies, at any time.
- 3.4.Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of its employees and subcontractors appropriate to the nature of the Services and the conditions under which the Services are to be performed.

3.5. Fees and Payments.

- 3.5.1. <u>Compensation</u>. Consultant shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.
- 3.5.2. <u>Payment of Compensation</u>. All fees shall be reimbursed monthly. Consultant shall submit to Client on a monthly basis an itemized statement which indicates work completed and hours of Services rendered by Consultant. Client shall pay Consultant within thirty days and in accordance with this Agreement.
- 3.5.3. Extra Work. At any time during the term of this Agreement, Client may request that Consultant perform Extra Work. As used herein, "Extra Work" means any Services which are determined by Client to be necessary, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written supplemental work authorization from Client.
- 3.5.4. Maintenance of Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Client during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of two years from the date of final payment under this Agreement.

4. General Provisions.

4.1. Termination of Agreement.

4.1.1. <u>Grounds for Termination</u>. Either Client or Consultant may, by written notice to the other party, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Upon termination, Consultant shall be compensated for those services which have been adequately rendered to Client and Consultant shall be entitled to no further compensation.

- 4.1.2. Effect of Termination. If this Agreement is terminated as provided in this Section, Client may require Consultant to provide all finished or unfinished documents, data, programming source code, reports or any other items prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within thirty (30) days of the request.
- 4.1.3. <u>Additional Services</u>. In the event this Agreement is terminated in whole or in part as provided herein, Client may procure, upon such terms and in such manner as it may determine appropriate, services similar or identical to those terminated.
- 4.2. <u>Delivery of Notices</u>. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

CONSULTANT:

PrimeSource PM, LLC Attn: Karen McLaurin Buresh 655 Deep Valley Drive, Suite 335 Rolling Hills Estates, CA 90274 424/903-0980 karen.buresh@primesourcepm.com

CLIENT:

Magnolia Educational & Research Foundation Attn: Frank Gonzalez 250 East 1st Street, Suite 1500 Los Angeles, CA 90012 213/628-7419 fgonzalez@magnoliapublicschools.org

Such notice shall be deemed made when personally delivered to the address set forth above; forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed as set forth above; forty-eight (48) hours after deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested and addressed as set forth above; upon confirmation of delivery to the address set forth above, fees prepaid, by a nationally recognized overnight courier; or upon when delivered via email to the address set forth above. Notice shall be deemed adequate on the date actual notice occurred, regardless of the method of service.

5. <u>Mediation</u>. Disputes arising from this Agreement may be submitted to mediation if mutually agreeable to the Parties hereto. The type and process of mediation to be utilized shall be subject to the mutual agreement of the Parties.

- 6. <u>Attorney's Fees</u>. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.
- 7. <u>Indemnification</u>. To the fullest extent permitted by law, Consultant shall defend (with counsel of Client 's choosing), indemnify and hold the Client, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent such claims, damages, losses, etc., arise out of, pertain to, or are incident to the alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all direct damages, expert witness fees and attorneys' fees and other related costs and expenses.
- 8. <u>Entire Agreement</u>. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.
- 9. <u>Governing Law</u>. This Agreement shall be governed by the laws of the State of California. Any action brought to enforce the terms of this Agreement shall be brought in a state or federal court located in the County of Los Angeles, State of California.
- 10. Time of Essence. Time is of the essence for each and every provision of this Agreement.
- 11. <u>Successors and Assigns</u>. This Agreement shall be binding on the successors and assigns of the Parties, and shall not be assigned by Consultant without the prior written consent of Client.
- 12. <u>Amendments/Waiver</u>. This Agreement may not be amended except by a writing signed by the Client and Consultant. No waiver, alternation or modification of the provisions of this Agreement shall be effective unless signed by both Parties.
- 13. <u>Severability</u>. If any section, subsection, sentence, clause or phrases of this Agreement, or the application thereof to any of the Parties, is for any reason held invalid or unenforceable, the validity of the remainder of the Agreement shall not be affected thereby and may be enforced by the Parties to this Agreement.
- 14. <u>Interpretation</u>. In interpreting this Agreement, it shall be deemed that it was prepared jointly by the Parties with full access to legal counsel of their own. No ambiguity shall be resolved against any party on the premise that it or its attorneys were solely responsible for drafting this Agreement or any provision thereof.
- 15. Fingerprinting Requirements. Consultant hereby acknowledges that, if applicable, it is required to comply with the requirements of Education Code Section 45125.l with respect to fingerprinting of employees who may have contact with the Client's pupils. The Consultant shall also ensure that its consultants on the Project also comply with the requirements of Section 45125.1. If required by Education Code Section 45125.1, the Consultant must provide for the completion of a Fingerprint Certification form, in the Client's required format, prior to any of the Consultant's employees, or those of any other consultants, coming into contact with the Client's pupils. Consultant further acknowledges that other fingerprinting requirements may apply, as set forth in Education Code Section 45125 et seq., and will comply with any such requirements.

- 16. <u>TB Testing</u>. Consultant shall require that all regular and substitute employees provide verification of having been tested for tuberculosis and cleared to work with minors as evidenced by a state licensed medical doctor's signature prior to any of the Consultant's employees, or those of any other consultants, coming into contact with the Client 's pupils. Consultant shall keep a copy of said information in the employee file.
- 17. Confidentiality. Consultant hereby acknowledges that certain records and information maintained by the Client, or by Consultant on behalf of the Client, are protected by law and shall not be released to third parties without express authorization from the Client. Such records include, but are not limited to, student records (i.e., any item of information relating to an identifiable student) and personnel records. In addition, all ideas, memoranda, plans, strategies, and documents shared with Consultant by Client in connection with the performance of this Agreement, not generally known to the public, shall be held confidential by Consultant. Consultant agrees that information acquired by Consultant during meetings with the Client's administrative team, or during closed session Board discussions are deemed confidential and, except to the extent required by law, shall not be shared with third parties without express authorization from the Client.
- 18. <u>Drug/Tobacco-Free Facilities</u>. All of Client's facilities are drug and tobacco-free facilities. Any drug and/or tobacco use (smoked or smokeless) is prohibited at all times on all areas of Client facilities.
- 19. <u>Board Approval Required</u>. This Agreement shall not be binding nor take effect unless approved or ratified by the Client Governing Board. Any amendments to this Agreement shall require Board approval or ratification.
- 20. Exhibits and Recitals. All Exhibits and Recitals contained herein are hereby incorporated into this Agreement by this reference.
- 21. <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their authorized officers as of the day and year first written above.

MAGNOLIA EDUCATIONAL & RES	EARCH FOUNDATION
Caprice Young	
By: Caprice Young, Ed.D	Dated: August 21, 2017
Title: CEO & Superintendent	

By: Dated: August 21, 201)

Karen McLaurin Buresh

Title: <u>CEO/Managing Member</u>

Federal Tax I.D. Number: 46-3940017



EXHIBIT "A" SCOPE OF SERVICES

Consultant shall provide facilities program support and assistance to the Client as follows:

 Provide construction management services at the following school: Magnolia Science Academy 1 - Reseda 18238 Sherman Way, Reseda, CA 91335

This is the flagship school for Magnolia. Campus is occupied with approximately 540 students. Magnolia has obtained additional land, already in possession, for expansion and modernization projects including:

- Alterations to existing main classroom building including elevator installation design complete and in DSA submission building is occupied, modifications must work around school operations, improvements to be completed in SY17-18.
- Abatement and demolition of existing commercial building Magnolia soliciting bids at this time, abatement and demolition to take place as soon as possible
- Construction of new classroom building design complete, now in DSA construction to begin as soon as possible, completion for start of SY18-19, by August 2018.
- Interim modifications to existing parking lot to accommodate school athletics and outdoor activities interim until construction of new cafegymatorium planned for construction starting in 2018 design not done improvements to be made during SY17-18.
- All projects will be DSA approved and Field Act compliant, or approved by appropriate City departments as required.
- Magnolia has retained a designer for all projects. Designer is Franco Architects.
- Projects are privately funded, total project cost estimated at \$6,900,000 excluding \$3.8 million in site acquisition.

Services shall not include:

- Project design
- Testing and inspection
- Permits and fees
- Demolition and abatement
- Construction
- Utilities
- FF&E
- Temporary field office space, if required, will be provided by Magnolia either within existing space or within contractor provided facilities.
- Magnolia will be the point of contact with the City of Los Angeles and the State Department of Education for all approvals, expediting, and final certifications.

COMPENSATION IS ON A TIME AND MATERIAL BASIS WITH NO CAP

EXHIBIT B Page 1 Of 1

EXHIBIT "B" COMPENSATION FOR SERVICES

The Magnolia Science Academy - 1 Reseda Classroom Project and services described in Exhibit A hereto shall be performed by Consultant on a reimbursable fee basis at the hourly rates shown below and shall be invoiced by Consultant to Client on a monthly basis.

Additional services requested by Client ("Extra Work" as defined in the within Agreement) shall be billed at the following hourly rate schedule and shall be invoiced by Consultant to Client on a monthly basis:

Principal	\$ 250.00
Project Manager	\$ 165.00
Field Engineer	\$ 125.00
Scheduler	\$ 150.00
Estimator	\$ 150.00
Admin Assistant	\$ 55.00

Consultant rates are fully loaded. Consultant will not charge for mileage or office reimbursables or personal equipment. Consultant will not markup project reimbursable costs that are passed through Consultant. Consultant will not markup subconsultant fees.

Total estimated fees are \$308,000 based on attached spreadsheet of presumed project schedule and level of resources required.





Exhibit B

General Construction Manager Description

Construction managers are responsible for setting and keeping schedules, monitoring finances, and making certain that everybody is doing what they should every day. They help ensure that the workplace is free of safety hazards and deal with the various working relationships that exist on a job site.

To put a finer point on it, construction managers oversee and lead a range of building projects from beginning to end. Construction runs the gambit between smaller renovation and remodeling jobs to larger commercial projects, like office buildings, hospitals, and schools.

Construction Manager vs. General Contractor

While the terms "construction manager" and "general contractor" are often used interchangeably, there are actually distinct differences between them. Typically, construction managers are involved in a given project from start to finish. They help clients with initial planning, along with the selection of the project's general contractor and architect..

Responsibilities of a Construction Manager

There are certain tasks that are performed by construction managers. These include:

Quality management. Construction projects quite often involve a number of contractors and subcontractors. One of the most important jobs of the construction manager is making certain everyone is doing quality work and not cutting any corners along the way.

Cost management. A good construction manager is constantly on top of costs and makes the necessary adjustments when unexpected complications or issues arise.

Safety management. Construction managers need to be able to identify and eliminate possible safety hazards for the good of everyone on the job site.

Contract administration. It is the job of the construction manager to ensure that every provision of the contract is being met and that all parties involved are happy.

Beyond everything else, construction managers need to keep all parties involved well informed throughout the whole project. It includes the client, the architect, and any contractor or subcontractor involved. If issues arrive, the manager must be in the position to deal with them immediately.



Exhibit C

Sample Scope of Services

The Scope of Work shall include the following and any ancillary services reasonably related to the

- Coordinate permits & entitlement processing, as needed
- Coordinate strategy with the appropriate municipal and government departments and other public officials in order to gain approvals, as needed
- Develop, maintain and update master Project schedule; review and report on schedule changes and update Client accordingly
- Develop, maintain and update master Project budget, including estimating, tracking expenditures, approving invoices for payment, and providing cost-to-completion estimates
- If requested by Client, design and publish RFP for construction services in connection with the rehabilitation of the existing school building Project
- Oversee and manage design team and general contractor and their respective performance both on the new construction project and the existing school building
- Project administration, including Client/architect/contractor meetings, shop drawing processing, requests for information, submittals and design team coordination
- Oversee implementation of cost-saving proposals, testing & inspection processes, and/or Clientdirected and Client-approved changes to the design
- Provide reports reasonably required by Client, architect, state and public agencies and such other parties
 as may require them in order to successfully complete and fund the Project
- Initial coordination for start-up activities and site preparation, including utility will-serve letters, as needed
- Manage construction close-out, including punch list, and systems training
- Manage project close-out
- Coordinate move-in, if and as requested by Client

The Scope of Services does not include any service not clearly articulated above and the following:

■ FF&E procurement



Facilities Committee Agenda Item #:	III.C.	
Board Agenda Item #:	TBD	
Date:	December 05, 2018	
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee (the "Facilities Committee")	
From:	Alfredo Rubalcava, CEO & Superintendent	
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities	
RE:	Description of PrimeSource Project Management LLC (Construction Manager) Services for MSA – 1 and Recommendation for Continued Services	

I. Proposed Committee Recommendation(s)

This revision reflects changes to the previously recommended motion for this matter.

Staff moves that the Facilities Committee approve and recommend that the full Board of Directors of MPS (the "MPS Board") agree to amend the existing PrimeSource Project Management LLC ("PrimeSource") contract so that PrimeSource continues providing construction management services for both MSA-1's new construction project at 18220 Sherman Way and its rehab investigation project and rehab project for the existing building at 18238 Sherman Way (collectively, the "Project") to and through completion for a fee consisting of (i) a fixed sum component and an (ii) incentive component, as described below.

The fixed sum component would be \$90,000 split evenly over the remaining term of the Project (assumed to be 8 months) with such amount adjusted as the Project schedule changes. For example, if the Project is expected to be 8 months the monthly fixed sum component would be \$11,250. However, if after two months the Project is expected to be extended an additional two months (i.e., total duration is 10 months), the monthly payment would be readjusted to be \$8,437.50 (calculated as follows – $[\$90,000 - (\$11,250 \times 2)] \div 8 = \$8,437.50$). Similarly, if the Project timeline is expected to be decreased by 2 months (i.e., total duration is 6 months), the monthly payment would be readjusted to be \$16,875.00 (calculated as follows – $[\$90,000 - (\$11,250 \times 2)] \div 4 = \$16,875.00$)

The incentive component would be calculated as a "shared savings" if the actual hard costs and soft costs for the New Construction Project come in less what is currently budgeted for both. MPS Staff proposes 10%. Current hard and soft costs are budgeted at \$9,477,235.50. For example,



if the actual costs are \$100,000 less than the shared savings to PrimeSource would be \$10,000 (calculated as follows $100,000 \times 10\% = 10,000$).

Therefore, total fee to PrimeSource would be $$100,000 \ [$90,000 + $10,000]$ if the Project realizes savings of \$100,000. The total fee to PrimeSource would be \$110,000 if the Project realizes savings of $$200,000 \ [$90,000 + $20,000]$.

II. Background

A. Project Descriptions

There are two projects currently underway at MSA-1: (i) a new construction project at 18220 Sherman Way that will eventually house MSA-1's high school population (the "New Construction Project") and (ii) a rehabilitation investigation project of the existing building at 18220 Sherman Way that will eventually house MSA-1's middle school population (the "Rehab Investigation Project"). The contract for the New Construction Project was awarded to Oltmans Construction Co. The New Construction Project is approximately 30% complete. The Rehab Investigation Project entails various investigations into the state of the structural integrity of the existing building, seismic renovation design, and HVAC renovation design, the purpose of which is to clearly define a scope of work that can be bid out in an RFP process. Upon completion of the Rehab Investigation Project, MPS Staff will report back to the Facilities Committee with its findings and a proposed course of action to rehab the existing building.

B. PrimeSource Agreement and Services Provided to Date

1. PrimeSource Agreement

MPS entered into a Construction Management Consulting Agreement with PrimeSource as of August 21, 2017 (the "**Agreement**"). A copy is attached as Exhibit A. For the sake of clarity, a description of the typical duties of a construction manager (as compared to a general contractor) is attached as Exhibit B.

PrimeSource's scope of services is provided in two places in the Agreement—Section 2.2 and Exhibit A. Section 2.2 provides that "Client desires to engage Consultant to render its services in connection with Client's Facilities Program at Magnolia Science Academy/Santa Ana and Magnolia Science Academy/ Reseda ("Project")." While Section 2.2 references MSA-Santa Ana, Exhibit A does not make any reference to that project. Exhibit A describes the scope in relevant part as follows: "Provide construction management services at the following school: "Magnolia Science Academy 1 – Reseda". It further describes the scope of work under the Agreement as follows (emphasis added):

• Alterations to existing main classroom building including elevator installation - design complete and in DSA submission - building is occupied, modifications must work around school operations, improvements to be completed in SY17-18.



- Abatement and demolition of existing commercial building Magnolia soliciting bids at this time, abatement and demolition to take place as soon as possible
- Construction of new classroom building design complete, now in DSA construction to begin as soon as possible, completion for start of SY18-19, by August 2018.
- Interim modifications to existing parking lot to accommodate school athletics and outdoor activities interim until construction of new cafegymatorium planned for construction starting in 2018 design not done improvements to be made during SY17-18.

The Agreement is a time and materials contract. Section 3.5.1 of the Agreement provides that "[PrimeSource] shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit 'B' attached hereto...". The Agreement does not include a not to exceed provision, although in Exhibit B, it does state that "[t]otal estimated fees are \$308,000 based on attached spreadsheet of presumed project schedule and level of resources required." The referenced spreadsheet is not in fact attached to the Agreement.

In sum, it is clear based on the language of the Agreement that MPS contemplated that PrimeSource's scope of work was sufficiently expansive to include project and construction management services for both the New Construction Project and the Rehab Investigation Project. However, for the avoidance of doubt, MPS Staff recommends that if PrimeSource is further engaged to continue working on the Projects that the amendment clearly articulate the scope of work and PrimeSource's duties. A sample description is included as Exhibit B.

2. Services Under the Existing Agreement

PrimeSource has been acting as a project manager and construction manager for both the New Construction Project and the Rehab Investigation Project. While they are separate projects—one is ground up construction and the other is investigatory work—both are for the benefit of MSA-1. Moreover, PrimeSource has been involved in managing the rezoning of the MSA-1 parking lot parcels and exploring a collaborative partnership with the City of LA to create a skating rink that would benefit MSA-1.

PrimeSource was hired to construction manage a "ready to go" new construction project. "Ready to go" in this context means that all plans are final and reviewed by the Los Angeles Department of Building and Safety and permits are ready to issue. However, the New Construction Project was not "ready to go" and, as a consequence, PrimeSource's services expanded to include extensive pre-development services to get the New Construction Project "ready to go". Plan check took many more months than expected. The design team required assistance in finalizing the plans Notwithstanding the delay in permit issuance, PrimeSource was able to save time on the schedule by demolishing the then existing building at 18220 Sherman Way which served as a gymnasium for MSA-1. Upon the selection of a general contractor and the beginning of construction, PrimeSource actively managed the day to day operations. PrimeSource's expertise was particularly helpful not only in addressing questions and issues as they arose but also anticipating issues that might arise. For example, PrimeSource was a principal driver in having the construction



and design teams re-visit the surface play area on the roof to make sure it was designed to last without leaking, a common problem with play areas placed on the roof. In addition, PrimeSource's services encompassed typical construction management duties, for example, reviewing RFIs, submittals, etc.

PrimeSource also commenced reviewing the existing building and identified and hired engineers to study various components of the building and to recommend improvements. It was this investigation that uncovered the structural deficiencies in the existing building. PrimeSource then tasked the same engineers with designing appropriate fixes.

C. Contract Extension and Amendment

MPS staff expects that if the Facilities Committee and MPS Board approve an extension of the Agreement, that PrimeSource's scope of work, unless modified, will include substantially the same scope of work as described herein. MPS Staff believes it would be prudent to continue to use PrimeSource both on the New Construction Project and on the Rehab Investigation Project as well as the resulting rehab project once the scope for the existing building has been fully developed. MPS's scope of work could include the following:

Continue to manage the New Construction Project (including site work but not zoning work and not FF&E procurement or move-in) to keep it on schedule and on or under budget; such services include but are not limited to

- Reviewing payment applications
- Troubleshoot and propose solutions in real time
- Review RFIs and submittals and insure that the design team responds in a timely manner
- Manage the engineers, architects, and inspectors; liaise with City utility companies as needed

Continue to manage the Rehab Investigation Project in order to develop a scope of work that can then be bid out, including but not limited to

- Manage the engineers and architect preparing plans for submission to the City of Los Angeles Department of Building and Safety
- Manage roof replacement and seismic retrofit
- Collaborate with First Note Finance to oversee the replacement of the HVAC units using Prop 39 Energy Efficiency Funds
- Manage the bid process for the Rehab Project

MPS Staff can work with PrimeSource to better define a scope based on fee considerations.

D. PrimeSource Fee Discussion

MPS Staff believes that the fee structure proposed herein is fair and reasonable.

As a percentage of the total budget for the New Construction Project, the total PrimeSource fee, inclusive of the additional fee described herein, will be 3% of the total New Construction Project budget previously approved by the MPS Board (\$375,000 ÷ \$11,355,997). This percentage



compares favorably to the construction management fee paid to Gafcon which equaled 4.25% of the total project cost for that project (\$191,439 ÷ \$4,501,128). Typically CM fees range from 5% to 10% of overall project costs. PrimeSource's scope of work is much more expansive than Gafcon's, including both the New Construction Project and the TI Project, and including predevelopment as well as construction management scopes.

III. Budget Impacts

The MSA-1 New Construction Project budget, as adopted by the MPS including the anticipated intercompany loan, has sufficient contingency to absorb the added change order cost. The previously approved New Construction Project budget remains unchanged. The current Project budget, as of November 27, 2018, is as follows:

			Invoice Summary	
			Invoices Received to Date	Left-to-Pay
Budget Summary	Approved Budget	Current Tracking Budget	31.0%	69.0%
Acquisition Cost Subtotal	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Hard Costs Subtotal	\$8,448,979	\$8,527,158	\$1,583,246	\$6,943,912
Soft Costs Subtotal	\$968,490	\$950,078	\$622,026	\$328,052
Financing Costs Subtotal	\$55,000	\$55,000	\$25,000	\$30,000
Management Costs Subtotal	\$250,000	\$375,000 [1]	\$308,450	\$66,550 [2]
Subtotal Project Costs	\$10,722,469	\$10,907,236	\$3,538,722	\$7,368,514
Budget Contingencies	\$633,528	\$448,761 ^[3]	\$0	\$448,761
Total Project Budget	\$11,355,997	\$11,355,997	\$3,538,722	\$7,817,275

Notes:

- [1] The original approved budget was set at \$250,000 because MPS Staff intended to allocate said amount to the New Construction Project and \$58,000 to the Rehab Project from the \$308,450 PrimeSource fee. However, since all fees to date have been paid from the 2017 Bond, the CM Fee has been re-adjusted. The above budget includes an allowance of \$66,550 to pay PrimeSource's outstanding invoice of \$24,862 and to pay for remaining services on the New Construction Project. Any amounts over the \$375,000 will be paid from the 2014 Bond.
- [2] "Left to Pay" amount reflects outstanding amount of \$24,862 for current invoice and \$41,688 for future invoices
- [3] Reflects impact of PrimeSource change order. Also, reflects previously approved Oltmans Change Order #1.

Exhibits (attachments):

- A. Professional Services Agreement is entered into on August 21, 2017 by and between Magnolia Educational & Research Foundation and PrimeSource Project Management LLC
- B. Construction Manager General Description



C. Sample Scope of Service



Exhibit A

PrimeSource Project Management LLC and Magnolia Public Schools Consulting Agreement



Exhibit B

General Construction Manager Description

Construction managers are responsible for setting and keeping schedules, monitoring finances, and making certain that everybody is doing what they should every day. They help ensure that the workplace is free of safety hazards and deal with the various working relationships that exist on a job site.

To put a finer point on it, construction managers oversee and lead a range of building projects from beginning to end. Construction runs the gambit between smaller renovation and remodeling jobs to larger commercial projects, like office buildings, hospitals, and schools.

Construction Manager vs. General Contractor

While the terms "construction manager" and "general contractor" are often used interchangeably, there are actually distinct differences between them. Typically, construction managers are involved in a given project from start to finish. They help clients with initial planning, along with the selection of the project's general contractor and architect..

Responsibilities of a Construction Manager

There are certain tasks that are performed by construction managers. These include:

Quality management. Construction projects quite often involve a number of contractors and subcontractors. One of the most important jobs of the construction manager is making certain everyone is doing quality work and not cutting any corners along the way.

Cost management. A good construction manager is constantly on top of costs and makes the necessary adjustments when unexpected complications or issues arise.

Safety management. Construction managers need to be able to identify and eliminate possible safety hazards for the good of everyone on the job site.

Contract administration. It is the job of the construction manager to ensure that every provision of the contract is being met and that all parties involved are happy.

Beyond everything else, construction managers need to keep all parties involved well informed throughout the whole project. It includes the client, the architect, and any contractor or subcontractor involved. If issues arrive, the manager must be in the position to deal with them immediately.



Exhibit C

Sample Scope of Services

The Scope of Work shall include the following and any ancillary services reasonably related to the

- Coordinate permits & entitlement processing, as needed
- Coordinate strategy with the appropriate municipal and government departments and other public officials in order to gain approvals, as needed
- Develop, maintain and update master Project schedule; review and report on schedule changes and update Client accordingly
- Develop, maintain and update master Project budget, including estimating, tracking expenditures, approving invoices for payment, and providing cost-to-completion estimates
- If requested by Client, design and publish RFP for construction services in connection with the rehabilitation of the existing school building Project
- Oversee and manage design team and general contractor and their respective performance both on the new construction project and the existing school building
- Project administration, including Client/architect/contractor meetings, shop drawing processing, requests for information, submittals and design team coordination
- Oversee implementation of cost-saving proposals, testing & inspection processes, and/or Clientdirected and Client-approved changes to the design
- Provide reports reasonably required by Client, architect, state and public agencies and such other parties
 as may require them in order to successfully complete and fund the Project
- Initial coordination for start-up activities and site preparation, including utility will-serve letters, as needed
- Manage construction close-out, including punch list, and systems training
- Manage project close-out
- Coordinate move-in, if and as requested by Client

The Scope of Services does not include any service not clearly articulated above and the following:

- FF&E procurement
- Any zoning change work

Cover Sheet

Approval Recommendation of Work Order #3 for Work by Oltmans at Existing MSA 1 Building

Section: III. Approval Recommendation Items Related to Facilities
Item: D. Approval Recommendation of Work Order #3 for Work by

Oltmans at Existing MSA 1 Building

Purpose: Vote

Submitted by:

Related Material: III D OCCO Work Order 3.pdf



Facilities Committee Agenda Item #:	III.D. Action Item
Board Agenda Item #:	TBD
Date:	December 5, 2018
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee (the "Facilities Committee")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Approval of Work Order #3 for the MSA-1 Rehab Investigation Project (Oltmans)

I. Proposed Committee Recommendation(s)

Staff moves that the Facilities Committee approve and recommend that the full Board of Directors of MPS (the "MPS Board") approve Work Order #3 in the amount of \$14,859.81 for work performed at the existing MSA-1 building by Oltmans Construction Company ("Oltmans").

II. Background

A. Description of MSA-1 Projects

There are two projects currently underway at MSA-1: (i) a new construction project that will eventually house MSA-1's high school population (the "New Construction Project") and (ii) a rehabilitation project of the existing building that will eventually house MSA-1's middle school population (the "Rehab Investigation Project"). The contract for the New Construction Project was awarded to Oltmans. The Rehab Investigation Project entails various investigations into the state of the structural integrity of the existing building, seismic renovation design, and HVAC renovation design. The purpose of the Rehab Investigation Project is to define a scope of work for a rehabilitation project that can then be bid out (the "Rehab Project").

B. Master Agreement Approval and Work Order Approval

MPS Staff believes that it is in the best interests of MPS and MSA-1 to retain Oltmans on a case by case basis to perform work on the Rehab Investigation Project.

At the October 11, 2018 MPS Board meeting the MPS Board approved (1) the Standard Form of Master Agreement between Owner and Contractor (AIA Document A121TM-2014) (the "**Master Agreement**") for work to be performed on MSA-1's existing facility; and (2) Work



Orders #1 and #2 for, respectively, (a) masonry infill along the wall adjacent to the new construction project for MSA-1 at 18220 Sherman Way and (b) removal and replacement of drywall for seismic engineering investigation of the existing building (18238 Sherman Way) connections per drawings and direction of Structural Engineer Brandow & Johnston.

C. Description of Work Order #3

Oltmans was given a notice to proceed for work order #3 by PrimeSource, with the concurrence of MPS Staff, before the October 11, 2018 board meeting at which the MPS Board instructed MPS Staff not to authorize any further work orders without prior approval. Unfortunately this work had already been authorized. The work scope associated with Work Order #3 is described as follows: the removal of roofing and wood decking in multiple areas on the existing MSA-1 building roof to allow for the structural engineer to review the existing conditions for that building's design. Once the structural engineers completed their review/investigation of the conditions, the roofing crews returned and patched the openings back with new material and then performed an overall roof check applying patch material at multiple other locations that were deemed to have the potential for leaking. Roofing crews performed the demo scope on 8/30-31 and 9/4/18. The patch back and repairs occurred on 9/20, 9/21, 9/24, 9/25, 9/26, 9/27 and 9/28.

III. Budget Impacts

The MSA-1 Rehab Investigation Project will be paid for with proceeds from the 2014 bond issuance and proceeds from repurposed CSFIG monies. As of October 3, 2018, the balance in the 2014 bond account is approximately \$680,000. In addition, MPS Staff believes that it will be able to repurpose a portion of the Charter School Facility Incentive Grant ("CSFIG") awarded to MSA-1 from the New Construction Project to the Rehab Investigation Project and Rehab Project. It expects that it will repurpose up to \$500,000 of the CSFIG award.

Exhibits (attachments):

Work Order #3



Exhibit

Work Order #3

Work Order for use with Master Agreement Between Owner and Contractor

WORK ORDER number 3 made as of the day of 27th day of November in the year 2018 (In words, indicate day, month, and year.)

BETWEEN the Owner:

(Name, legal status, address, and other information)

Magnolia Educational & Research Foundation dba Magnolia Public Schools

250 East 1g Street, Suite 1500 Los Angeles, CA 90012

(213) 628-3634

and the Contractor:

(Name, legal status, address, and other information)

Oltmans Construction Company

10005 Mission Mill Road

Whittier, CA 90601

(562) 948-4242

for the following PROJECT:

(Name, location, and detailed description)

Work related to improvements at the existing school building located at 18238 Sherman Way, Reseda, CA. Such scope of work includes, but is not limited to, structural and site work.

The Architect for the Project:

(Name, legal status, address, and other information)

None

THE CONTRACT

This Work Order, together with the Contract Documents enumerated herein, including the Master Agreement between Owner and Contractor dated the day of 20th day of September in the year 2018

(In words, indicate day, month, and year.)

form the Contract.

Init.

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This document has important legal consequences.
Consultation with an attorney is encouraged with respect to its completion or modification.

This document provides the Contractor's scope of Work, and related information, and is intended to be used with AIA Document A121™ – 2018, Standard Form of Master Agreement Between Owner and Contractor where Work is provided under multiple Work Orders.

The Owner and Contractor agree as follows.

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TABLE OF ARTICLES

- 1 THE WORK OF THIS WORK ORDER
- 2 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 3 CONTRACT SUM
- 4 PAYMENTS
- 5 INSURANCE AND BONDS
- 6 PARTY REPRESENTATIVES
- 7 ENUMERATION OF CONTRACT DOCUMENTS

ARTICLE 1 THE WORK OF THIS WORK ORDER

§ 2.1 The date of commencement of the Work shall be:

The Contractor shall execute the Work described in the Contract Documents enumerated in Article 7 of this Work Order, and any modifications issued after execution of this Work Order, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 2 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

(Check one of the following boxes.)
[] The date of this Work Order.
[xxx] A date set forth in a notice to proceed issued by the Owner.
[] Established as follows:

(Insert a date or a means to determine the date of commencement of the Work.)

If a date of commencement of the Work is not selected, then the date of commencement shall be the date of this Work Order.

§ 2.2 The Contract Time shall be measured from the date of commencement.

§ 2.3 Substantial Completion

§ 2.3.1 Subject to adjustments of the Contract Time as provided in the Contract Documents, the Contractor shall achieve Substantial Completion of the entire Work:

(Check the appropriate box and complete the necessary information.)

 $[\quad] \quad \text{Not later than} \quad (\quad) \text{ calendar days from the date of commencement of the Work}.$

[xxx] By the following date: 9-28-2018

§ 2.3.2 Subject to adjustments of the Contract Time as provided in the Contract Documents, if portions of the Work are to be completed prior to Substantial Completion of the entire Work, the Contractor shall achieve Substantial Completion of such portions by the following dates:

Portion of Work

Substantial Completion Date

§ 2.3.3 If the Contractor fails to achieve Substantial Completion as provided in this Section 2.3, liquidated damages, if any, shall be assessed as set forth in Section 3.6.

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ARTICI	ΕZ	CONTRA	CT SIIM

	ne app.	ropriate box.) Stipulated Sum. in accor	rdance with Section 3.2 below	
		•	s the Contractor's Fee, in accordance with	Section 2.2 below
	XXX	Cost of the work plus	s the Contractor's Fee, in accordance with	Section 3.3 below
	[]	Cost of the Work plus th Section 3.4 below	ne Contractor's Fee with a Guaranteed Max	ximum Price, in accordance with
	[]	Other, in accordance with	h Section 3.5 below	
(Based o	on the s	election above, complete	e Section 3.2, 3.3, 3.4 or 3.5 below.)	
	he Stip	Sum [N/A] ulated Sum shall be (\$), subject to additions and deductions as	provided in the Contract
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\$702.00 (included in Exhibit A)

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§ 3.4 Cost of the Work plus Contractor's Fee with a Guaranteed Maximum Price [N/A]

§ 3.4.1 The Cost of the Work is as defined in Exhibit A, Determination of the Cost of the Work.

§ 3.4.1.1 The following costs are subject to the Owner's prior approval:

§ 3.4.2 The Contractor's Fee:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Contractor's Fee and the method of adjustment to the fee for changes in the Work.)

§ 3.4.3 Guaranteed Maximum Price

§ 3.4.3.1 The sum of the Cost of the Work and the Contractor's Fee is guaranteed by the Contractor not to exceed (\$), subject to additions and deductions by changes in the Work as provided in the Contract Documents. This maximum sum is referred to in the Contract Documents as the Guaranteed Maximum Price. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Contractor without reimbursement by the Owner.

(Insert specific provisions if the Contractor is to participate in any savings.)

§ 3.4.3.2 The Guaranteed Maximum Price is based on the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Work Order, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

§ 3.4.3.3 Unit Prices, if any:

(Identify the item and state the unit price and any applicable quantity limitations.)

Item Units and Limitations Price Per Unit (\$0.00)

§ 3.4.3.4 Allowances, if any, included in the Guaranteed Maximum Price: (*Identify each allowance*.)

Item Price

- § 3.4.3.5 Assumptions, if any, on which the Guaranteed Maximum Price is based:
- § 3.4.3.6 To the extent that the Contract Documents are anticipated to require further development, the Guaranteed Maximum Price includes the costs attributable to such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required, shall be incorporated by Change Order.
- § 3.4.3.7 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions contained in Section 3.4.3.5. The Owner shall promptly furnish such revised Contract Documents to the Contractor. The Contractor shall notify the Owner and Architect of any inconsistencies between the agreed-upon assumptions contained in Section 3.4.3.5 and the revised Contract Documents.

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§ 3.5 Other

§ 3.5.1 The Contract Sum shall be determined in accordance with the following: (Insert a description of how the Contract Sum will be determined.)

N/A

§ 3.6 Liquidated damages, if any: (Insert terms and conditions for liquidated damages, if any.)

N/A

ARTICLE 4 PAYMENTS

§ 4.1 Payments shall be in accordance with Article 3 of the Master Agreement, except as indicated below: (Indicate all payment terms that differ from those set forth in the Master Agreement, such as period covered by each Application for Payment or date upon which each Application for Payment is due.)

N/A

§ 4.2 Retainage will be withheld in accordance with Article 3 of the Master Agreement, except as indicated below: (Indicate all retainage terms that differ from those set forth in the Master Agreement, such as retainage amount, items not subject to retainage, terms for reduction, or limitation of retainage.)

ARTICLE 5 INSURANCE AND BONDS

- § 5.1 Insurance shall be in accordance with Article 15 of the Master Agreement, except as indicated below: (Insert any insurance requirements that differ from those stated in the Master Agreement, such as coverage types, coverage limits, and durations for professional liability or other coverages.)
- § 5.2 In addition to insurance requirements in the Master Agreement, the Contractor shall carry the following types of insurance.

(List below any other insurance coverage to be provided by the Contractor, not otherwise set forth in the Master Agreement, and any applicable limits.)

Coverage

Limits

- § 5.3 Pursuant to section 15.1.7 of the Master Agreement, the Contractor shall procure Professional Liability insurance covering performance of the professional services, with policy limits of not less than (\$) per claim and) in the aggregate.
- § 5.4 Pursuant to section 15.1.8 of the Master Agreement, the Contractor shall procure Pollution Liability insurance, with policy limits of not less than (\$) per claim and (\$) in the aggregate.
- § 5.5 Pursuant to section 15.1.9 of the Master Agreement, the Contractor shall procure a Combined Professional Liability and Pollution Liability insurance policy, with combined policy limits of not less than (\$) per claim and (\$) in the aggregate.
- § 5.6 The Contractor shall provide surety bonds, from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located, as follows: (Specify type and penal sum of bonds.)

Type

Penal Sum (\$0.00)

Payment Bond

Performance Bond

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Payment and Performance Bonds shall be AIA Document A312TM, Payment Bond and Performance Bond, or contain provisions identical to AIA Document A312TM, current as of the date of this Work Order.

ARTICLE 6 PARTY REPRESENTATIVES

§ 6.1 The Owner identifies the following representative in accordance with Section 1.4.1 of the Master Agreement: (List name, address, and other information.)

Patrick Ontiveros

Magnolia Public Schools

250 East 1st Street, Suite 1500

Los Angeles, CA 90012

pontiveros@magnoliapublicschools.org
Mobile:
(323) 490-0701

§ 6.2 The Contractor identifies the following representative in accordance with Section 1.5.1 of the Master Agreement:

(List name, address, and other information.)

Trevor Lawton

Oltmans Construction Company

10005 Mission Mill Road

Whittier, CA 90601 trevorl@Oltmans.com Mobile: (916) 276-7666

ARTICLE 7 ENUMERATION OF CONTRACT DOCUMENTS

§ 7.1 The Contract Documents are defined in Section 6.2 of the Master Agreement and, except for Modifications issued after execution of this Work Order, are enumerated in the sections below.

§ 7.1.1 This Work Order (Including Exhibit A -- PCI #16 - Existing MSA-1 Roof Exploratory Demo and Patch Back)

§ 7.1.2 The Master Agreement

§ 7.1.3 The Supplementary and other Conditions of the Contract:

Document Title Date Pages

§ 7.1.4 The Specifications:

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(Either list the Specifications here or refer to an exhibit attached to this Work Order.)

Section Title Date Pages

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User Notes:

(3B9ADA5B)

Number none	Title	Date	
§ 7.1.6 The Addenda, if any:			
Number none	Date	Pages	
Portions of Addenda relating to bi requirements are enumerated in th	dding requirements are not part of th is Article 5.	e Contract Documents unless the	biddi
	y, forming part of the Contract Docu ts that are intended to form part of to		
None			

James Woodside, Vice President

(Printed name and title)

Alfredo Rubalcava, CEO and Superintendent

(Printed name and title)

Certification of Document's Authenticity

AIA® Document D401™ - 2003

I, Magnolia Educational & Research Foundation dba Magnolia Public Schools, hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with this certification 16:36:26 ET on 11/29/2018 under Order No. 8223958364 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA[®] Document A221[™] - 2018, Work Order for use with Master Agreement Between Owner and Contractor, as published by the AIA in its software, other than changes shown in the attached final document by underscoring added text and striking over deleted text.

(Signed)			
(Title)			
(Dated)			



POTENTIAL CHANGE ITEM PCI016

Whittier, CA 90601 Phone: (562) 948-4242 Fax: (562) 695-9267

DATE: TITLE: Existing MSA-1 Roof Exploratory Demo and Patch Back 11/19/2018

PROJECT: **PROJECT NO.:** 18049 Magnolia Science Academy

TO:

Magnolia Educational and Research Foundation

250 E. 1st St., 1500 Los Angeles, CA

We respectfully request your approval of the following change to the original scope of work:

DESCRIPTION:

This change order request includes costs associated with the roof exploratory demo, patch back and miscellaneous repairs throughout the existing MSA-1 roof. Please see attached for narrative, breakdown, photos and detailed pricing. Please note ROM value carried was \$21k on pending items log.

Vendor	Description	Amount
Armstrong & Aceves Company, Inc.	Roofing Demo and Repair. See A&A COR 1R1.	13,720.81
	SUBTOTAL:	13,720.81
	Gross Tax	18.00
	GL	134.00
	Bond	113.00
	SDI	172.00
	Fee	702.00
	SUBTOTAL:	1,139.00

TOTAL COST FOR THIS CHANGE ORDER REQUEST: 14,859.81

APPROVAL: APPROVAL:

Oltmans Construction Co. Magnolia Educational and Research

BY: BY: Trevor Lawton DATE: DATE:

Page 1 of 1

Work Order #3 Narrative

The work scope associated with work order #3 was the removal of roofing and wood decking in multiple areas on the existing MSA-1 building roof to allow for the structural engineer to review the existing conditions for that building's design. Once the structural engineers completed their review/investigation of the conditions, the roofing crews returned and patched the openings back with new material and then performed an overall roof check applying patch material at multiple other locations that were deemed to have the potential for leaking.

Roofing crews performed the demo scope on 8/30-31, and 9/4/18. The patch back and repairs occurred on 9/20, 9/21, 9/24, 9/25, 9/26, 9/27 and 9/28.



Change Request

To: DEVIN ULIBARRI
OLTMANS CONSTRUCTION
10005 MISSION MILL ROAD

10005 MISSION MILL ROAD WHITTIER, CA 90601

Ph: (562) 948-4242 Fax: (562) 695-9750

Number: 1R1 Date: 10/4/18

Job: 1-477 Magnolia Science Center

Phone:

Description: TO REMOVE EXISTING ROOF REQUESTED BY OLTMANS

We are pleased to offer the following specifications and pricing to make the following changes:

TO REMOVE EXISTING ROOFING AT THE REQUEST OF OLTMANS TO HAVE THE PROJECT STRUCTURAL ENGINEER AND OTHERS REVIEW THE EXISTING STRUCTURAL AS PER PLAN PROVIDED BY OLTMANS. ONCE COMPLETE A&A WAS REQUESTED TO PATCH ALL OPENINGS AND REPQIR EXISTING HOLES /DAMAGES ON ROOF CAUSED BY OTHERS.

LABOR - DEMOLITION

8/30/2018 8HRS. 8/31/2018 16HRS. 9/4/2018 16HRS.

ABOR - REPAIR

LABOR - R	REPAIR	_
9/21/18	\longleftarrow	— Туро
9/2/2018	16HRS.	•
9/20/2018	16 HRS.	
9/24/2018	16 HRS.	
9/25/2018	16 HRS.	
9/26/2018	16 HRS.	
9/27/2018	16 HRS.	
9/28/2018	16 HRS.	

REPAIRING OF EXISTING ROOF CONDITIONS.

Work performed by us:				
Description	Quantity	Unit	Unit Price	Price
EQUIPMENT	1.00	lot	\$257.10	\$257.10
JMC PERMAPLY 28 BASE	1.00	ea	\$26.42	\$26.42
JMC GLASKAP WHITE 1SQ	4.00	ea	\$22.90	\$91.60
JMC CONCRETE PRIMER	1.00	ea	\$60.38	\$60.38
TRO 509AF CEMENT	1.00	ea	\$36.51	\$36.51
HUN 2.0" ISO 4X4 GRADE II	24.00	ea	\$12.03	\$288.61
150040 CHIP 4" BRUSH	2.00	ea	\$5.01	\$10.02
LUC 70109 9" ROLLER COVER	2.00	ea	\$1.47	\$2.94
LUC ROLLER FRAME 9"	1.00	ea	\$1.95	\$1.95
LUC 2133 BRUSH 3 KNOT	2.00	ea	\$12.43	\$24.86
LBR 1X6X12' S4S KD PONDPINE	3.00	ea	\$8.04	\$24.12
MOR 40 MOREN ROOFER KNIFE	2.00	ea	\$6.04	\$12.08
ROF 354010 SHINGLE/ROOFERS BLADE	3.00	ea	\$7.12	\$21.36
MBT SBS LAYFAST UNDERLAY 70SQ	3.00	ea	\$60.33	\$180.99
GHO APOC 107AF COLD PLY CMT	2.00	ea	\$67.41	\$134.82



Change Request

Number: 1R1

Date: 10/4/18

To: DEVIN ULIBARRI
OLTMANS CONSTRUCTION

10005 MISSION MILL ROAD Job: 1-477 Magnolia Science Center

WHITTIER, CA 90601 Phor

Ph: (562) 948-4242 Fax: (562) 695-9750

ROF MOP HANDLE WOOD 8'		.00 ea	\$21.88	\$21.88
GHO APOC 107AF COLD PLY CEMENT		.00 ea	\$67.41	\$67.41
TRI RX 500 ELASTO CTG WHITE		.00 ea	\$88.37	\$176.74
LUC 70109 9" ROLLER COVER 3/8"		.00 ea	\$1.47	\$2.94
GHO APOC 107AF COLDPLY		.00 ea	\$67.41	\$67.41
TRI RX 500 ELASTO CTG WHITE		.00 ea	\$98.50	\$98.50
TRI RX 100 ULTIMA FLSH CHEM		.00 ea	\$30.85	\$30.85
ORG MC GAUGING TROWEL RD NOSE		.00 ea	\$12.10	\$12.10
ROF COTTON FABRIC 4"X150"		.00 ea	\$19.78	\$19.78
LABOR - DEMOLITION 8/30/2018		.00 hrs	\$65.00	\$520.00
LABOR -DEMOLITION 8/31/2018		.00 hrs	\$65.00 \$65.00	\$1,040.00
LABOR-DEMOLITION 9/4/2018		.00 hrs	\$65.00 \$65.00	\$1,040.00
LABOR - REPAIR 9/2/2018		.00 hrs	\$65.00	\$1,040.00
LABOR - REPAIR 9/20/2018 LABOR - REPAIR 9/24/2018		.00 hrs .00 hrs	\$65.00 \$65.00	\$1,040.00
			\$65.00 \$65.00	\$1,040.00
LABOR- REPAIR 9/25/2018 LABOR-REPAIR 9/26/2018		.00 hrs .00 hrs	\$65.00 \$65.00	\$1,040.00 \$1,040.00
LABOR - REPAIR 9/27/2018		.00 hrs	\$65.00 \$65.00	\$1,040.00
LABOR - REPAIR		.00 hrs	\$65.00 \$65.00	\$1,040.00
MOBILIZATION		.00 Ins	\$500.00	\$1,040.00
MATERIAL TAX		.00 lot	\$300.00 \$159.80	\$159.80
WATERIAL IN	·	.00 101	Subtotal:	\$12,473.73
			Subtotal:	\$12,473.73
	O H & P	\$12,473.73	10.00%	\$12,473.73
	ROUND	\$12,473.73	0.00%	\$-0.29
	ROUND	φ12,473.73	_	
			Total:	\$13,720.81

Cc: TOM GALAN (ARMSTRONG & ACEVES

Armstrong & Acoves Company Inc.

			Arm	stro	ng &	Ace	ves (Comp	oany	, Inc.				
Date: 8	3/ 13/ 12018 Frider.						Т	IMESHE		E DUE AT				
	Name: Magnola, School Sumber:	ence.	Yard Work	BUR - Hot	Water- proofing	Single-Ply	Sheet Metal	Shingles	Set Up	iempo. By my signatur periods, unless	re above,	l acknowled e noted. If the	do todos mis descansos y 1/2 hora de lonche al menos obado por mi supervisor, y sera notado en la hoja del ge that I have taken all required breaks and 1/2 hour meal nere are any exceptions approved by my supervisor, they	
EMP#	EMPLOYEE NAME	TIME IN		2	3	4	5	6	7	TIME OUT	LUNCH	TOTAL	* (Signature verifies that there are no injuries preventing work prior to this work day.) Signature	
1877	1 Alexandro Cor.	/	#15-50	#11-15	#12-15	#11-25	#13-15	#11-45	#15-40	2:30	.5	4	Ale Sando Grass	
1110	2 / 1/2	Can					•			2:30		1	1,0//	3
1466	Jounger Valde	(am)								30	1.2	10	Webs v.	4
5											-	1		6
7											-			78
8											-			9
10														110
11											-			12
13														113
14								-			-			15
15														16
10	TOTAL/HOURS									. 11	have pers	sonally inspec	cted all safety equipment and tools. todo el equipo de seguridad y herramientas)	
Foren	nan Signature: 1/1/1/10/10/10	0 6/	M				_	1			Yo he, in	speccionado	todo el equipo de segundad y non antico.	
					, ,				-		/	11.1	* SX2 / Statal	
s:	Duna Demo on th	Ro	OF	2'	1/50) be	sald.	W	la	pshee	+	101	mop 3X2 (Stotal)	

Armstrong & Aceves Company, Inc.

				Arm	stror	ng &	Acev	res C	com	pany	, Inc.				
		/ 2 1						Т	IMESHE	EETS AR	E DUE AT	THE EN	D OF DA	Y de lonche al menos	
	Job Job	Name: Magholy Spence Number:	e	rard Work	BUR - Hot	Water- proofing	Single-Ply	Sheet Metal	Shingles	e D l	Al firmar, Yo reque se endique tiempo. * By my signatu periods, unless are noted in my	re above,	acknowledge noted. If the t above.	todos mis descansos y 1/2 hora de lonche al menos bado por mi supervisor, y sera notado en la hoja del le that I have taken all required breaks and 1/2 hour meal ere are any exceptions approved by my supervisor, they	
				1	2	3	4	5	6	7	TIME OUT	LUNCH	TOTAL	* (Signature verifies that there are no injuries preventing work prior to this work day.)	
	EMP#	EMPLOYEE NAME	TIME IN	#15-50	#11-15	#12-15	#11-25	#13-15	#11-45	#15-40	TIME	BREAK	HOURS	Signature Signature	
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	16	TAL HOURS			,	1						I have	e personally i	nspected all safety equipment and tools. nado todo el equipo de seguridad y herramientas)	
		TOTAL HOURS	10 GA	n B	>		1	1	~			(10	ne, mapoon		
	For	eman Signature:								-	1	1	7	7.	
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		Lilla With	Denu)	211	1/15	0 1	()ULC	\						
		STAPPHA THE													

Armstrong & Aceves Company, Inc. TIMESHEETS ARE DUE AT THE END OF DAY * Al firmar, Yo reconozco que he tomado todos mis descansos y 1/2 hora de lonche al menos que se endique lo contrario y sera aprobado por mi supervisor, y sera notado en la hoja del Job Name: Magnolin Science
Job Number: * By my signature above, I acknowledge that I have taken all required breaks and 1/2 hour meal Shingles periods, unless otherwise noted. If there are any exceptions approved by my supervisor, they are noted in my timesheet above. * (Signature verifies that there are no injuries preventing work prior to this work day.) TIME OUT LUNCH TOTAL EMP# EMPLOYEE NAME Signature TIME IN #15-50 | #11-15 | #12-15 | #11-25 | #13-15 | #11-45 | #15-40 1027 Alejando Croc 1422 Junger Valdez 2:30 .5 8 Hygandro (1021) 2:30 .5 8 Wells J. 60am TOTAL HOURS I have personally inspected all safety equipment and tools. Foreman Signature: (Yo he, inspeccionado todo el equipo de seguridad y herramientas) NOTES:











Remit payment and make shedka payable to HOME DEPOT DREET SERVICES CEPT. 32 - 2843276415 PO BOX 75047 PHOENOX, AZ 86062-8647

INVOICE DETAIL

BILL TO: 1-140	4				-
ACCE 6035 3224 4977 13 F	4	Amount Due:	Trans Date:	DUE DATE:	
COMPANY		6115.00			Тотоное
		\$415.25 PO:	08/29/16	10/01/18	797200
		PO:	Sto	re: 1840, LAKE FO	DREST, CA
PRODUCT	SKU #	O	JANTITY U	NIT PRICE TOTA	
NOMER BUCKET 50LB QUIKRETE ALL-PURPOSE	000013122700014	200008 50	.0000 EA	\$3.25	AL PRICE
SAND	000013726300001		.0000 EA	\$2.80	\$162.50 \$140.00
DEWALT LARGE CAPACITY CHALK	100002442500001	00018	0000 FA		\$140.00
RIEEL MILWAUKEE 9"X18TPI SAWZALL			WOOD BA	\$29.97	\$29.97
BLADE	000058868500007	00003 1	0000 EA	\$10.07	319.97
DEWALT 2.5 LB CHALK REC PERM	100002443500001	00018 4	0000 EA		
MILWAUKEE 12"X18TPI SAWZALL BLDE 5PK	800058888800007	00003	0000 EA	\$9.97 \$22.97	\$9.07
OCOL SPA				465.07	\$22.97
Purchased by: SPERRY CHR	STOPHER A	SUBTO	TAI		
Customer #: 08002		TAX	IAL		\$365.38
Custome Agreement #: H184	0-103823	TOTAL			\$29.87
					\$415.25
BILL TO:					
Acct: 8095 3294 8927 5419	3	Amount Due:	Trans Date:	DUE DATE:	Inumina
COMPANY		\$120.26		DATE:	Invoice #
			08/36/18	10/01/18	
		PO:		10/01/18 tc 1074, VISTA, C	697197 0
PRODUCT	and a	PO:	Ston	t: 1074, VISTA, C	A
PRODUCT AMERICAS FUEL & TANK BURCH NO	SKU #	PO:	Ston	t: 1074, VISTA, C	A
AMERICAS FUEL & TANK PURCH NO EXCHING	SKU # 0000600419090220	PO:	Ston		A
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK	000060041909022	PO: QU	ANTITY LIN	IT PRICE TOTA	L PRICE \$98.44
AMERICAS FUEL & TANK PURCH NO EXCHING		PO: QU	Ston	T PRICE TOTA	A L PRICE
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE	0000600419090220	PO: QU 00004 2:	ANTITY UN 0000 EA	IT PRICE TOTA	L PRICE \$08.44
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS	0000600419090220	PO: QU 00004 2: 00004 1:	ANTITY UN 0000 EA	IT PRICE TOTA	L PRICE \$98.44
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002	000060041906022 00006000372000220 STOPHER A	PO: QU 00004 2: 00004 1:	ANTITY UN 0000 EA	IT PRICE TOTA	L PRICE \$08.44
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS	000060041906022 00006000372000220 STOPHER A	PO: QU 00004 2: 00004 1:	ANTITY UN 0000 EA	IT PRICE TOTA	L PRICE \$08.44 \$20.97
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer 9: 20002 Customer Agreement #: H1074	000060041906022 0000600372000222 STOPHER A	PO: QU 00004 2: 00004 1:	ANTITY UN 0000 EA	IT PRICE TOTA	L PRICE \$88.44 \$20,97 \$119.41 \$9.85
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 90002 Customer Agreement #: H1074	000060041906022 0000600372000222 STOPHER A	PO: QU DO004 2: DO004 1: SUBTOT TAX TOTAL	ANTITY UN XXXXX EA XXXXX EA	1074, VISTA, C. IT PRICE TOTA \$49-22 \$20.97	\$119.41 \$98.85 \$129.26
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 90002 Customer Agreement #: H1074 BLL TC: 002: 8035 3226 4927 5413 RMSTRONG ACEVES	000060041906022 0000600372000222 STOPHER A	PO: O0004 2: O0004 1.0 SUBTOT TAX TOTAL Amount Due:	ANTITY LIN 0000 EA 0000 EA Trans Date:	IT PRICE TOTA	\$119.41 \$98.85 \$129.26
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002 Customer Agreement #: H1074 BLL TC: loct: 6035 3226 4927 5413 GMSTRONG ACEVES	000060041906022 0000600372000222 STOPHER A	PO: O0004 2. O0004 1. O0004 1. SUBTOT TAX TOTAL Amount Due: \$257.10	ANTITY LIN 0000 EA 0000 EA Trans Date: 08/30/18	1074, VISTA, C. IT PRICE TOTA \$49.92 \$20.97 DUE DATE: 10/01/18	\$119.41 \$98.85 \$129.26
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002 Customer Agreement #: H1074 BLL TC: loct: 6035 3226 4927 5413 GMSTRONG ACEVES	000060041906022 0000600372000222 STOPHER A	PO: O0004 2: O0004 1.0 SUBTOT TAX TOTAL Amount Due:	ANTITY LIN 0000 EA 0000 EA Trans Date: 08/30/18	E 1074, VISTA, C. IT PRICE TOTA \$49-92 \$20.97	\$119.41 \$98.85 \$129.26
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AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer e: 2002 Customer Agreement #: H1074 BLL TO: LOC: 6035 3226 4927 5413 PMISTRONG ACEVES COMPANY PRODUCT MILWAUKEE 6'X8/12TPI	9000600419040220 9000600372000220 STOPHER A	PO: O0004 2: O0004 1: SUBTOT TAX TOTAL Amount Due: \$257.10 PO:	ANTITY UNI	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18	\$119.41 \$98.85 \$129.26 \$173537 \$, CA
AMERICAS FUEL & TANK PURCH NO EXCHNG AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 00002 Customer Agreement #: H1074 BLL TC: 00: 8035 3228 4927 5413 PAMSTRONG ACEVES CNIPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK	000060041904022 000060037200022 STOPHER A 1-77756	PO: QU 00004 2.00004 2.00004 2.00004 2.00004 2.00004 2.00004 2.0000004 2.0000004 2.0000004 2.000004 2.000004 2.000004 2.00000004 2.000004 2.000004 2.000004 2.000004 2.000004 2.000004 2.00000004 2.0000004 2.0000004 2.000000004 2.0000000000	ANTITY LIN XXXXX EACH XXXX EACH XXX EACH XX EACH XXX EACH XX EACH XXX EACH XX EACH X	E 1074, VISTA, C. IT PRICE TOTA \$49-92 \$20.97 DUE DATE: 10/01/18 : 6861, VAN NUYS	\$119.41 \$98.65 \$129.26 \$173537
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002 Customer Agreement #: H1074 BLL TC: Oct. 9035 3228 4927 5413 AMSTRONG ACEVES CNIPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBILDE 5PK MILWAUKEE 9"X8TPI WOOD	0000600419090220 0000600372000220 STOPHER A	PO: QU 00004 2: 00004 1: 00004 1: 00004 1: 00004 1: 00004 1: 00004 1: 00004 1: 00004 1: 00004 1: 00006	ANTITY UNI	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18	\$119.41 \$9.85 \$129.28 \$173537 \$13.97
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer 9: 20002 Customer Agreement #: H1074 BLL TC: Edd: 6035 3226 4927 5413 RMSTRONG ACEVES COMPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 5"XSTPI WOOD RECIPBLDE 5PK MKE 12A SAWZALL RECIP SAW	9000600419090221 9000600372000221 STOPHER A 1-77756 SKU # 9000778575000070	PO: QUI 00004 2.00004 1.000004 2.000004 2.000000 1.0000000000000000000000000000	ANTITY LIN 2000 EA Trane Date: 08/30/18 Store ANTITY UNI	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 17 PRICE TOTAL	\$119.41 \$98.85 \$129.26 \$173537 \$, CA
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer & 20002 Customer Agreement #: H1074 BLL TO: OCI: 8035 3228 4927 5413 AMISTRONG ACEVES COMPANY PRODUCY MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 9"X8TPI WOOD RECIPBLDE 5PK MKE 12A SAWZALL RECIP SAW SCOTCHBLUE 1.88 2090 P4/92	000060041904022 000060037200022 STOPHER A 1-77756	PO: QUI SUBTOT TAX TOTAL Amount Due: \$257.10 PO: QUI 00003 1.0 0003 1.0	ANTITY UNI XXXXXX EACH Trans Date: 08/30/18 Store ANTITY UNI XXXXX EACH XXXX EACH XXX	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18	\$119.41 \$98.85 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer 9: 20002 Customer Agreement #: H1074 BLL TC: Edd: 6035 3226 4927 5413 RMSTRONG ACEVES COMPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 5"XSTPI WOOD RECIPBLDE 5PK MKE 12A SAWZALL RECIP SAW	9000600419090221 9000600372000221 STOPHER A 1-77756 SKU # 9000778575000070 9000778532000070	PO: QU 00004 1.0 00003 1.0 00003 1.0 00003 1.0 0000 1.0 0	ANTITY LIN 2000 EA Trane Date: 08/30/18 Store ANTITY UNI	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 11/07 10/01/18 11/07 10/01/18 11/07 10/01/18	\$119.41 \$9.85 \$129.26 \$17.97 \$17.97 \$99.00 \$25.88
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002 Customer Agreement #: H1074 BLL TC: 002: 8035 3226 4927 5413 AMSTRONG ACEVES CMPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 9"XSTPI WOOD RECIPBLDE 5PK MKE 12A SAWZALL RECIP SAW SCOTCHBLUE 1.88 2090 B4G2 12/3 100' HUSKY EXTENSION CORD	9000600419990221 9000600372000221 STOPHER A 1-77756 SKU # 9000778575000070 9000778532000070 9000132734000090 1003211576000050 9000526927000030	PO: QUI 00004 2.00004 1.00003 1.000003 1.0000000000	ANTITY LIN 2000 EA	DUE DATE: 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18 10/01/18	\$119.41 \$98.85 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 20002 Customer Agreement #: H1074 BLL TC: 002: 8035 3226 4927 5413 AMSTRONG ACEVES CMPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 9"XSTPI WOOD RECIPBLDE 5PK MKE 12A SAWZALL RECIP SAW SCOTCHBLUE 1.88 2090 B4G2 12/3 100' HUSKY EXTENSION CORD Purchased by: SPERRY CHRIS'	9000600419990221 9000600372000221 STOPHER A 1-77756 SKU # 9000778575000070 9000778532000070 9000132734000090 1003211576000050 9000526927000030	PO: QUI 00004 2.00004 1.00003 1.000000 1.000000 1.000000 1.0000000 1.00000000	ANTITY LIN 2000 EA	DUE DATE: 10/01/18 10	\$119.41 \$9.85 \$129.26 \$17.97 \$17.97 \$99.00 \$25.88
AMERICAS FUEL & TANK PURCH NO EXCHING AMERICAS EMPTY PROPANE TANK EXCHANGE Purchased by: SPERRY CHRIS Customer #: 90002 Customer Agreement #: H1074 BILL TC: 602: 8025 3226 4927 5413 UMISTRONG ACEVES COMPANY PRODUCT MILWAUKEE 6"X8/12TPI SAWZALLBLDE 5PK MILWAUKEE 9"XSTPI WOOD RECIPBLDE 5PK MIKE 12A SAWZALL RECIP SAW SCOTCHBLUE 1.98 2090 B4G2 12/3 100' HUSKY EXTENSION CORD	900060041999022 900060037200022 STOPHER A 1-77756 SKU # 9000778575000070 9000778532000070 9000132734000090 1003211576000050 9000528927000030	PO: QUI 00004 2.00004 1.00003 1.000003 1.0000000000	ANTITY LIN 2000 EA	DUE DATE: 10/01/18 10	\$119.41 \$98.85 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26 \$129.26







VAN NUYS BRANCH
ALLIED BUILDING PRODUCTS
15208 RAYMER ST
VAN NUYS, CA 91405-1016
Telephone: 818-781-3280

ARMSTRONG & ACEVES COMPANY INC 3299 HORSELESS CARRIAGE ROAD SUITE H NORCO, CA 92860

R E M -	BEACON ROOFING SUPPLY PO BOX 740914
T T O	LOS ANGELES, CA 90074-0914

۱	INVOICE No.	BR28095
II	INVOICE DATE	9/26/18
I	DUE DATE	11/30/18
I	CUSTOMER NO.	304061
П	-	

PAGE NO. 1

S H I P	Customer Pickup
T 0	

CUSTOMER NUMBER	SLS	SHIP V	/IA			SHIP VIA TERMS)
304061	0JE	Pickup			NET 30TH 2ND MONTH AFTER			<u>]</u>				
CUSTOMER PURCHA	SE ORDER	NO.	TAX RATE		JOB # and NAME ORDERED BY		ORDERED BY					
MSA-TG			9.500		999 SHOP ALEHAN		DRO					

PRODUCT	DESCRIPTION	U/M	QUANTITY	UNIT PRICE	EXTENSION
GHOAP107G5	GHO APOC 107AF COLD PLY CMT 5G	EA	1	67.4100	67.41
TRIRX500ECWH5G	TRI RX #500 ELASTO CTG WHITE 5G RX5005 TRI-BUILT	PL	1	98.5000	98.50
TRIRX100UFC3G	TRI RX #100 ULTIMA FLSH CEM 3G RX1003 TRI-BUILT	3GL	1	30.8500	30.85
ORG6054951	ORG MC GAUGING TROWEL RD NOSE 36707 ROUND NOSE GAUGING TOWEL MINTCRAFT	EA	1	12.1000	12.10
ROFCF4150	ROF COTTON FABRIC 4" X 150'	RL	1	19.7800	19.78
	********PLEASE CONFIRM PAYMENT ADDRESS************* BEACON ROOFING SUPPLY PO BOX 740914 LOS ANGELES, CA 90074-0914				

RECEIVED BY	SUB-TOTAL	TAX	Handling/Restock	Shipping	TOTAL AMOUNT
	228.64	21.72	.00	.00	250.36

THIS SALE IS SUBJECT TO THE TERMS AND CONDITIONS AND RETURN POLICY FOUND AT http://www.beaconroofingsupply.com/. BUYER ACKNOWLEDGES AGREEING TO SUCH TERMS AND CONDITIONS AND RETURN POLICY.





VAN NUYS BRANCH
ALLIED BUILDING PRODUCTS
15208 RAYMER ST
VAN NUYS, CA 91405-1016
Telephone: 818-781-3280

ARMSTRONG & ACEVES COMPANY INC 3299 HORSELESS CARRIAGE ROAD SUITE H NORCO, CA 92860

R E M -	BEACON ROOFING SUPPLY PO BOX 740914
T T	LOS ANGELES, CA 90074-0914

INVOICE No.	BR08595
INVOICE DATE	9/25/18
DUE DATE	11/30/18
CUSTOMER NO.	304061

PAGE NO. 1

S H I P	Customer Pickup
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CUSTOMER NUMBER	SLS	SHIP V	'IA	TERMS)	
304061	0JE	Pickup		NET 30TH 2ND MONTH AFTER]	
CUSTOMER PURCHA	SE ORDER	NO.	TAX RATE	JOB #	and NAME		ORDERED BY	
MSA-TG			9.500	999 SHOP ALEJANDR		/ MAGN		

PRODUCT	DESCRIPTION	U/M	QUANTITY	UNIT PRICE	EXTENSION
GHOAP107G5	GHO APOC 107AF COLD PLY CMT 5G	EA	1	67.4100	67.41
TRIRX500ECWH5G	TRI RX #500 ELASTO CTG WHITE 5G RX5005 TRI-BUILT	PL	2	88.3700	176.74
LUC70109	LUC 70109 9" ROLLER COVER 3/8" 70109 36/CTN ********PLEASE CONFIRM PAYMENT ADDRESS***************** BEACON ROOFING SUPPLY PO BOX 740914 LOS ANGELES, CA 90074-0914	EA	2	1.4700	2.94

RECEIVED BY	SUB-TOTAL	TAX	Handling/Restock	Shipping	TOTAL AMOUNT
	247.09	23.47	.00	.00	270.56

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VAN NUYS BRANCH
ALLIED BUILDING PRODUCTS
15208 RAYMER ST
VAN NUYS, CA 91405-1016
Telephone: 818-781-3280

ARMSTRONG & ACEVES COMPANY INC 3299 HORSELESS CARRIAGE ROAD SUITE H NORCO, CA 92860

R	BEACON ROOFING SUPPLY	INVOICE No.	BQ86
E	PO BOX 740914	INVOICE DATE	9/24/
M I	1 0 00% 740914	DUE DATE	11/30
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Customer Pickup

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MAGNOLIA SCIENCS 9.500		54 58 MAGNOLIA ALEJA		ALEJAMI	DRO			

PRODUCT	DESCRIPTION	U/M	QUANTITY	UNIT PRICE	EXTENSION
				07.4400	000.00
GHOAP107G5	GHO APOC 107AF COLD PLY CMT 5G	EA	3	67.4100	
MBTTU70	MBT SBS LAYFAST UNDERLAY 70 1SQ	RL	1	60.3300	60.33
ROFMHW8	ROF MOP HANDLE WOOD 8' JR02008	EA	1	21.8800	21.88
	*********PLEASE CONFIRM PAYMENT ADDRESS************* BEACON ROOFING SUPPLY PO BOX 740914 LOS ANGELES, CA 90074-0914				

RECEIVED BY	SUB-TOTAL	TAX	Handling/Restock	Shipping	TOTAL AMOUNT
	284.44	27.02	.00	.00	311.46

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INVOICE

VAN NUYS BRANCH
ALLIED BUILDING PRODUCTS
15208 RAYMER ST
VAN NUYS, CA 91405-1016
Telephone: 818-781-3280

ARMSTRONG & ACEVES COMPANY INC 3299 HORSELESS CARRIAGE ROAD SUITE H NORCO, CA 92860

R E M -	BEACON ROOFING SUPPLY PO BOX 740914
T T O	LOS ANGELES, CA 90074-0914

Customer Pickup

١	INVOICE No.	BQ44356
ı	INVOICE DATE	9/20/18
ı	DUE DATE	11/30/18
ı	CUSTOMER NO.	304061
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CUSTOMER PURCHASE ORDER NO.		TAX RATE	JOB #	# and NAME		ORDERED BY		
MSA-TG		9.500	999 SHOP ALEJAI		ALEJANDRO)+ 2 GU		

PRODUCT	DESCRIPTION	U/M	QUANTITY	UNIT PRICE	EXTENSION
JMCPP28	JMC PERMAPLY 28 BASE 3SQ 90001258 FORMERLY #3330206 30RLS/PLT	RL	1	26.4200	26.42
JMCGKW	JMC GLASKAP WHITE 1SQ 30RLS/PLT, #90001266	RL	4	22.9000	91.60
JMC5CP	JMC CONCRETE PRIMER 5GAL 70000062 FORMERLY #1008747	PL	1	60.3800	60.38
TRO509G3	TRO 509AF MODIFIED CEMENT 3G	EA	1	36.5100	36.51
HUN2ISO4	HUN 2.0" ISO 4X4 GRADE-II 20PSI	PC	24	12.0256	288.61
ORG6063515	150040 CHIP 4" BRUSH ORGILL/MINTCRAFT 6063515	EA	2	5.0100	10.02
LUC70109	LUC 70109 9" ROLLER COVER 3/8" 70109 36/CTN	EA	2	1.4700	2.94
LUC9FRAME	LUC 71009 9" ROLLER FRAME	EA	1	1.9500	1.95
LUC2133	LUC 2133 BRUSH 3 KNOT	EA	2	12.4300	24.86
LBR1612KDPP3	LBR 1X6X12' S4S KD PONDPINE #3 & BTR	PC	3	8.0400	24.12
MORKNIFE	MOR 40 MODERN ROOFER KNIFE KNIFE W/ 3 BOW-TIE BLADES #40	EA	2	6.0400	12.08

RECEIVED BY	SUB-TOTAL	TAX	Handling/Restock	Shipping	TOTAL AMOUNT

THIS SALE IS SUBJECT TO THE TERMS AND CONDITIONS AND RETURN POLICY FOUND AT http://www.beaconroofingsupply.com/. BUYER ACKNOWLEDGES AGREEING TO SUCH TERMS AND CONDITIONS AND RETURN POLICY.

CONTINUED





VAN NUYS BRANCH ALLIED BUILDING PRODUCTS 15208 RAYMER ST VAN NUYS, CA 91405-1016 Telephone: 818-781-3280 WAREHOUSE

R E M	BEACON ROOFING SUPPLY PO BOX 740914
T T	LOS ANGELES, CA 90074-0914

Customer Pickup

INVOICE No.	BQ44356
INVOICE DATE	9/20/18
DUE DATE	11/30/18
CUSTOMER NO.	304061

PAGE NO. 2

ARMSTRONG & ACEVES COMPANY INC
3299 HORSELESS CARRIAGE ROAD
SUITE H
NORCO, CA
92860

CUSTOMER NUMBER	SLS	SHIP V	'IA		TERMS)				
304061	0JE	Pickup		NET 30TH 2ND MONTH AFTER							
CUSTOMER PURCHA	SE ORDER	NO.	TAX RATE	JOB :	# and NAME	ORDERED BY					
MSA-TG			9.500	999	SHOP	ALEJANDRO	O+ 2 GU				

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UNION TO			-		,
PRODUCT	DESCRIPTION	U/M	QUANTITY	UNIT PRICE	EXTENSION
ROF354010	ROF 354010 SHINGLE/ROOFERS BLAD 354010 5/PK	EA	3	7.1200	21.36
MBTTU70	MBT SBS LAYFAST UNDERLAY 70 1SQ	RL	3	60.3300	180.99
GHOAP107G5	GHO APOC 107AF COLD PLY CMT 5G	EA	2	67.4100	134.82
	*********PLEASE CONFIRM PAYMENT ADDRESS**********************************				

RECEIVED BY	SUB-TOTAL	TAX	Handling/Restock	Shipping	TOTAL AMOUNT
	916.66	87.32	.00	.00	1003.98

THIS SALE IS SUBJECT TO THE TERMS AND CONDITIONS AND RETURN POLICY FOUND AT http://www.beaconroofingsupply.com/. BUYER ACKNOWLEDGES AGREEING TO SUCH TERMS AND CONDITIONS AND RETURN POLICY.

Armstrong & Ace S Company, Inc.

Date: 9 12012018

TIMESHEETS ARE DUE AT

		Date: 9	120/2018							TIMESH	IEETS A	RE DUE A	THE	END OF	DAY
	Job Name: Maynoly Science Job Number:						Water- proofing	Single-Ply	Sheet Metal	Shingles	Set Up ake Dow	tiempo.	ure above s otherwis	, I acknowle se noted. If t	ado todos mis descansos y 1/2 hora de lonche al menos probado por mi supervisor, y sera notado en la hoja del descansos de la hoja del del descansos de la hoja del del descansos de la hoja del
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Armstrong & Ace s Company, Inc.

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Armstrong & Ace s Company, Inc.

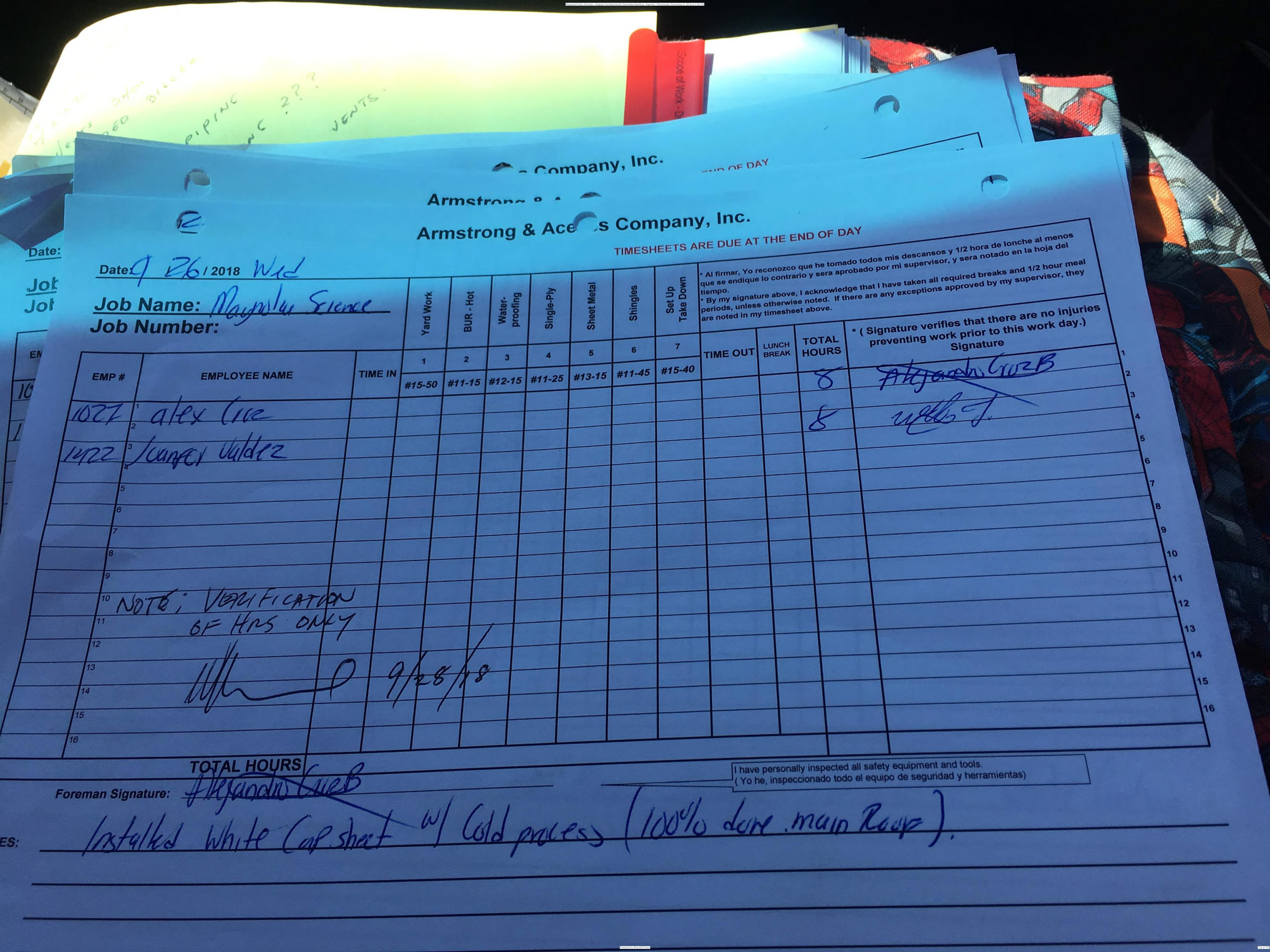
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Armstrong & Acces Company, Inc. TIMESHEETS ARE DUE AT THE END OF DAY * Al firmar, Yo reconozco que he tomado todos mis descansos y 1/2 hora de lonche al menos * Al firmar, Yo reconozco que no tontado por mi supervisor, y sera notado en la hoja del que se endique lo contrario y sera aprobado por mi supervisor, y sera notado en la hoja del Job Name: May Sugar tiempo.

* By my signature above, I acknowledge that I have taken all required breaks and 1/2 hour meal.

* By my signature above, I acknowledge that I have taken all required breaks and 1/2 hour meal. * By my signature above, I acknowled a second second and 1/2 nour meal periods, unless otherwise noted. If there are any exceptions approved by my supervisor, they are noted in my timesheet above. Job Number: * (Signature verifies that there are no injuries preventing work prior to this work day.) TOTAL TIME OUT BREAK HOURS Signature #15-50 | #11-15 | #12-15 | #11-25 | #13-15 | #11-45 | #15-40 TIME IN EMPLOYEE NAME EMP# 9/ex 600 1422 Juanes Valdez Oltmans CONSTRUCTION CO. Bill Ragland Superintendent NOTE: 10005 Mission Mill Road C 949.910.8821 Whittier, California 90601 044 BRagland@Oltmans.com P 562.948.4242 www.Oltmans.com F 562.463.4974 CA Lic.# 86393 AB TOTAL HOURS I have personally inspected all safety equipment and tools. (Yo he, inspeccionado todo el equipo de seguridad y herramientas) Foreman Signature: ___ NOTES:

Exercise Library Contract



- A company, Inc. Armstrong & Access Company, Inc. * Al firmar, Yo reconozco que he tomado todos mis descansos y 1/2 hora de lonche al menos TIMESHEETS ARE DUE AT THE END OF DAY * Al firmar, Yo reconozco que he tomado todos mis descansos y 1/2 hora de lonche al meno.

"que se endique lo contrario y sera aprobado por mi supervisor, y sera notado en la hoja del tlempo.

* By my signature above, I acknowledge that I have taken all required breaks and 1/2 hour meal periods, unless otherwise noted. If there are any exceptions approved by my supervisor, they are noted in my timesheet above. * (Signature verifies that there are no injuries preventing work prior to this work day.) are noted in my timesheet above. Job Name: Mannoly Science TIME OUT LUNCH BREAK HOURS Job Number: #15-50 #11-15 #12-15 #11-25 #13-15 #11-45 #15-40 TIME IN EMPLOYEE NAME EMP# I have personally inspected all safety equipment and tools.

(Yo he, inspeccionado todo el equipo de seguridad y herramientas) TOTAL HOURS Foreman Signature: TES:





















Devin Ulibarri

From: Norair Tcheurekjian <ntcheurekjian@bjsce.com>

Sent: Thursday, August 23, 2018 4:41 PM

To: Devin Ulibarri

Cc: tim.buresh@primesourcepm.com; Jim Pearson; Jeff Rich

Subject: Magnolia Science Academy

Attachments: S18-0103 - MAGNOLIA SCIENCE ACADEMY - Copy 3.pdf

Devin,

Attached please find Roof Plan showing locations to be demoed for further investigation. Please note that there are two types, one is to remove roofing material only and the other is to remove roofing material and sheathing.

Please let me know if you have any question.

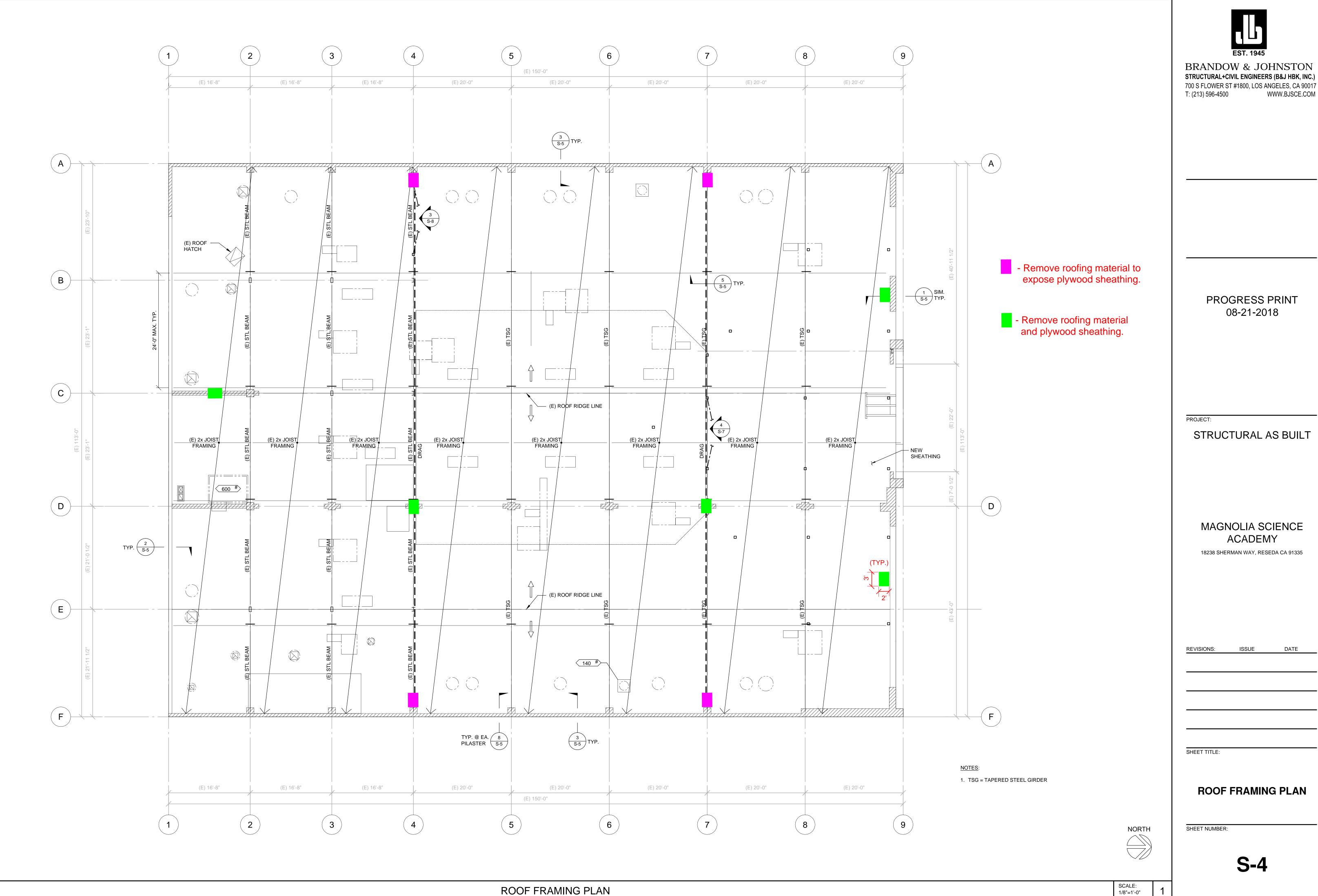
Thanks,

Norair Tcheurekjian, P.E.

Project Engineer

Brandow & Johnston Structural & Civil Engineers 700 S. Flower Street, Suite 1800 Los Angeles, California 90017 D: 213 596 4581 www.bjsce.com





Devin Ulibarri

From: Robert Stern <rstern@sternarchitects.com>

Sent: Thursday, October 4, 2018 5:59 PM **To:** Devin Ulibarri; Timothy Buresh

Cc: Jim Pearson (JPearson@bjsce.com); Norair Tcheurekjian; Michele Graham

Subject: MSA- Reseda

Attachments: MSA-Reseda - Front View.JPG; First Floor Plan.pdf; Proposed Second Floor Plan.pdf; MSA Roof Beam.jpg

Follow Up Flag: Follow up Flag Status: Flagged

Devin:

We need your assistance in doing some exploratory work to determine the structural system of the building. We need to find out what is supporting the Sherman Way upper building area in yellow. What is supporting the window opening and roof framing at the wall parallel to the sidewalk. IS the roof framing above the window or below the roof? What is the depth of the structural support. We need this to determine where we can place windows I the future 2nd floor.

We also need you to open up the beam/truss shown on the other photo as we need access under this beam to access the stair ways.

I am including our proposed plans which are still in development.

Please call me if you have any questions.

Bob



Robert Stern, AIA, NCARB

Principal

2961 W. MacArthur Blvd. Suite 120 Santa Ana, CA 92704 t. 714.556.2656 x 202 f. 714.556.2696 rstern@sternarchitects.com www.sternarchitects.com From: Norair Tcheurekjian <ntcheurekjian@bjsce.com>
Sent: Wednesday, September 12, 2018 9:02 AM

To: Devin Ulibarri

Cc: Jeff Rich; Olivia Sanchez; Timothy Buresh; Jim Pearson

Subject: RE: Magnolia Science Academy

Devin & Jeff,

You can patch-back the holes on the roof.

Thanks,

Norair Tcheurekjian, P.E. Project Engineer

Brandow & Johnston Structural & Civil Engineers 700 S. Flower Street, Suite 1800 Los Angeles, California 90017 D: 213 596 4581 www.bjsce.com



From: Devin Ulibarri < DevinU@oltmans.com Sent: Wednesday, September 12, 2018 7:10 AM

To: Norair Tcheurekjian ntcheurekjian@bjsce.com >

Cc: Jeff Rich < JeffR@oltmans.com >; Olivia Sanchez < OliviaS@oltmans.com >; Timothy Buresh

<<u>tim.buresh@primesourcepm.com</u>>; Jim Pearson <<u>JPearson@bjsce.com</u>>

Subject: RE: Magnolia Science Academy

Norair

Please advise on when we can patch-back the holes on the roof. We want to stay in front of any potential moisture intrusion.

Devin

From: Devin Ulibarri

Sent: Wednesday, September 12, 2018 6:42 AM

To: Timothy Buresh < tim.buresh@primesourcepm.com >

Cc: Jeff Rich < JeffR@oltmans.com>; Jim Pearson < jpearson@bjsce.com>; Norair Tcheurekjian

<ntcheurekjian@bjsce.com>

Subject: RE: Magnolia Science Academy

ShareFile Attachments	Expires October 12, 2018
20180827_113846.jpg	5 MB
20180827_113911.jpg	3 MB
20180827_113918.jpg	3 MB
20180827_113925.jpg	4.3 MB
20180831_074652.jpg	5.8 MB
20180831_074658.jpg	7.2 MB
20180831_074719.jpg	5.1 MB
20180831_074726.jpg	6.8 MB
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20180831_075000.jpg	6.5 MB
20180904_085434.jpg	4.1 MB
20180904_085509.jpg	5.6 MB
Download Attachments	
Devin Ulibarri uses ShareFile to share documents securely. \underline{Le}	earn More.

Devin

From: Timothy Buresh < tim.buresh@primesourcepm.com >

Sent: Tuesday, September 11, 2018 3:43 PM **To:** Devin Ulibarri < <u>DevinU@oltmans.com</u>>

Cc: Jeff Rich < JeffR@oltmans.com >; Jim Pearson < jpearson@bjsce.com >; Norair Tcheurekjian

<ntcheurekjian@bjsce.com>

Subject: Re: Magnolia Science Academy

Photos?

Tim Buresh, P.E., DBIA, CCM

PrimeSource Project Management

655 Deep Valley Drive, Suite 335 Rolling Hills Estates CA 90274

(424) 903-0980 (424) 903-0981 (direct) (424) 903-9412 (cell)

tim.buresh@primesourcepm.com

On Fri, Aug 31, 2018 at 7:39 AM, Devin Ulibarri < <u>DevinU@oltmans.com</u>> wrote:

Thanks Jeff. Please ask A&A to provide photos.

Devin

From: Jeff Rich

Sent: Friday, August 31, 2018 6:51 AM

To: Norair Tcheurekjian < ntcheurekjian@bjsce.com >

Cc: Devin Ulibarri < <u>DevinU@oltmans.com</u>>
Subject: RE: Magnolia Science Academy

Good morning Norair. We have begun to open up the roof in the locations provided. I would like to set up a day and time to review and evaluate the roof.
We will complete the openings today. Can we meet early next week? Perhaps Tuesday or Wednesday?
Jeff Rich
Superintendent
Oltmans Construction Co.
C 562.217.5741
jeffr@oltmans.com
From: Norair Tcheurekjian ntcheurekjian@bjsce.com > Sent: Thursday, August 23, 2018 4:41 PM To: Devin Ulibarri DevinU@oltmans.com > Cc: tim.buresh@primesourcepm.com ; Jeff Rich JPearson@bjsce.com >; Jeff Rich JeffR@oltmans.com > Subject: Magnolia Science Academy
Devin,
Attached please find Roof Plan showing locations to be demoed for further investigation. Please note that there are two types, one is to remove roofing material only and the other is to remove roofing material and sheathing.
Please let me know if you have any question.
Thanks,

Norair Tcheurekjian, P.E.

Project Engineer

Brandow & Johnston Structural & Civil Engineers

700 S. Flower Street, Suite 1800

Los Angeles, California 90017

D: 213 596 4581

www.bjsce.com



Cover Sheet

Facility Updates

Section: V. Information Items Item: **B.** Facility Updates

Purpose: Discuss

Submitted by:

Related Material:

V B Facilities Update.pdf V B REVISED Facilities Update.pdf



Facilities Committee Agenda Item #:	V.B Discussion Item
Board Agenda Item #:	TBD
Date:	December 5, 2018
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	FACILITIES UPDATES

Background

No action recommended. Information only.

SCHOOL	UPDATES	NEXT STEPS
MSA-1	 New High School Building Construction Update: Project is on schedule and on budget; no red flags. See Exhibit A for three-week look ahead and pictures of progress. Rain is causing some delays. GC is covering up some of the work so that the rain does not infiltrate. Middle School Tenant Improvement Update: A small scope of investigatory work remains to be done for which the Committee has requested further back-up. 	New High School Building Construction: Continue with construction activities Middle School Tenant Improvement Update: Requested back-up forthcoming.
MSA-2	Campus Improvements: Draft of development agreement for improvements to campus is pending cost estimates to LAUSD; such cost estimates were provided but LAUSD has asked for further information Cameras waiting to be installed	Campus Improvements: Additional Cost Information to be provided to LAUSD Feedback from LACOE pending for camera policy



SCHOOL	UPDATES	NEXT STEPS
	Prop 39 Energy Efficiency Grant: LAUSD approved HVAC upgrade project Facility Committee and Board approved HVAC upgrade; contract with vendor was signed. We are waiting on rebate information in order to proceed with installation.	Prop 39 Energy Efficiency Grant: Give notice to proceed to Vendor for installation
MSA-3	Commencing search for private site.	Continue with site search
MSA-4	Commencing search for alternative site.	Continue with site search
MSA-5	No updates	
MSA-6	No updates	
MSA-7	New HVAC installation was completed over Thanksgiving holiday. See Exhibit B for photos. RFP for playground and restrooms issued to be paid for with Charter School Facility Incentive Grant money; only 1 response for playground received; none for restroom. RFP deadline extended and more vendors solicited.	Obtain O&M manuals for new units Continue to search for a qualified vendor to perform restroom and playground work
MSA-8	No updates	
MSA-SAN DIEGO	Project in close out mode: SILVER CREEK: Silver Creek completed punchlist. Waiting for documentation requested from them to close them out. NEXGEN: NexGen has completed punchlist items. Inspector of Record must provide DSA form confirming his approval in order for us to Williams Scotsman: Rosemary Nunn will take over from Hal the negotiation of a cash refund due to WS issues. Additional Campus Improvements – MSA San Diego would like to add cabinets to classrooms, a permanent lunch shelter immediately adjacent to MPR, and install synthetic turf in the dirt playground	Follow up with close-out activities: SILVER CREEK: Site walk with Silver Creek, architect and inspector NEXGEN: NexGen to finish up punch-list work and IOR to inspect and sign off on work Williams Scotsman: Continue with negotiation for larger cash refund.



SCHOOL	UPDATES	NEXT STEPS
		Additional Campus Improvements: Director of Facilities to find out if the desired improvements can be financed with savings from the construction project and if it can be started before official DSA close-out Patrick to find out if the utilities will pay
	DSA will not close out project without restoration of landscaping that was value engineered out of the project.	for a solar shade structure
	Prop 39 Energy Grant: Consultants walked site to come up with energy saving improvements. Report was generated but due do to a lack of history at the site, Prop 39 may not pay for new HVAC units	Prop 39 Energy Grant: Consultants will provide list of recommended improvements; report in process.
MSA-SANTA ANA	Project is complete.	Complete California State Division of State Architect close out.



Exhibit A **MSA-1 UPDATE**

Three week look ahead and pictures of progress attached.



View from Alley



Typical interior construction



Overhang on Sherman Way



Utility Vault [1] off of Sherman Way

A utility vault is an underground room providing access to subterranean public utility equipment, such as valves for water or natural gas pipes, or switchgear for electrical or telecommunications equipment. A vault is often accessible directly from a street, sidewalk or other outdoor space, thereby distinct from a basement of a building.



Exhibit B MSA-7 HVAC Installation









Exhibit



Week #3

Week #2

Current Week

THREE WEEK LOOKAHEAD SCHEDULE Timescale Start > 11/26/18 Monday

Magnolia Science Academy

	Magnolia Science Academy										11		(*/ / /~}\	9/2/
Item #	‡ TASK	START	FINISH	RESP.	duoo %	M T W T	FSS	M	WTF	S S	M	WTF	S	_
	New Building													
-	Roll floor joists at 2nd floor	10/15/18	11/15/18	OC Framers	100%									
2	Hardware 1st floor walls and pick up	10/15/18	11/15/18	OC Framers	100%									
3	Frame remaining 1st floor furr walls	11/08/18	11/16/18	OC Framers	100%									
4	Rough Electrical 1st fl walls thru out	11/07/18	11/16/18	Safeway	100%									
2	Receive Fire treated specialty lumber	11/13/18	11/13/18	OC Framers	100%									
9	2nd floor plywood deck	10/15/18	11/16/18	OC Framers	100%									
7	Lay out 2nd floor perimeter plate	11/15/18	11/16/18	OC Framers	100%									
8	Install 2nd floor bottom plate	11/19/18	11/21/18	OC Framers	100%									
6	1st floor inspections	11/20/18	11/21/18	OC Framers	100%									
10		11/21/18	11/27/18	OC Framers	100%									
11	Rain delay	11/27/18	12/03/18	0000	20%									
12	Pour 2nd floor deck 2" concrete	12/04/18	12/05/18	OC Concrete	%0									
13	Layout 2nd floor wall details	12/06/18	12/10/18	OCCO Wall	%0									
14	Receive HVAC rooftop units	12/10/18	12/11/18	Christ bros	%0									
15	Frame 2nd fl walls	12/10/18	12/21/18	OCCO Wall	%0									
16	2nd fl beams / headers	12/26/18	01/04/19	OCCO Wall	%0									
17	Install 2nd floor stairs	01/02/19	01/09/19	KDR	%0									



REVISED

Facilities Committee Agenda Item #:	V.B.
Board Agenda Item #:	
Date:	December 5, 2018
То:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors Facilities Committee
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	FACILITIES UPDATES

Background

No action recommended. Information only.

SCHOOL	UPDATES	NEXT STEPS
SCHOOL MSA-1	 VPDATES New High School Building Construction Update: ■ Project is on schedule and on budget; no red flags. See Exhibit A for three-week look ahead and pictures of progress. Rain is causing some delays. GC is covering up some of the work so that the rain does not infiltrate. ■ Part of the work related to the parking lot will include the construction of an 8 foot CMU wall separating the parking lot from the residences to the South. The cost is expected to be about \$50,000. This will eventually be a change order but we need to approve this particular item because it is a time critical add. It will be brought before full board for approval. 	NEXT STEPS New High School Building Construction: Continue with construction activities Middle School Tenant Improvement Update: Requested back-up forthcoming.
	 Middle School Tenant Improvement Update: A small scope of investigatory work remains to be done for which the Committee has requested further back-up. 	



SCHOOL	UPDATES	NEXT STEPS
MSA-2	Campus Improvements: Draft of development agreement for improvements to campus is pending cost estimates to LAUSD; such cost estimates were provided but LAUSD has asked for further information Cameras waiting to be installed	Campus Improvements: Additional Cost Information to be provided to LAUSD Feedback from LACOE pending for camera policy
	 Prop 39 Energy Efficiency Grant: LAUSD approved HVAC upgrade project Facility Committee and Board approved HVAC upgrade; contract with vendor was signed. We are waiting on rebate information in order to proceed with installation. 	Prop 39 Energy Efficiency Grant: Give notice to proceed to Vendor for installation
MSA-3	Commencing search for private site.	Continue with site search
MSA-4	Commencing search for alternative site.	Continue with site search
MSA-5	No updates	
MSA-6	No updates	
MSA-7	New HVAC installation was completed over Thanksgiving holiday <u>using Prop 39 funds</u> . See Exhibit B for photos. RFP for playground and restrooms issued to be paid for with Charter School Facility Incentive Grant money; only 1 response for playground received; none for restroom. RFP deadline extended and more vendors solicited.	Obtain O&M manuals for new units Continue to search for a qualified vendor to perform restroom and playground work
MSA-8	No updates	
MSA-SAN DIEGO	Project in close out mode: SILVER CREEK: Silver Creek completed punchlist. Waiting for documentation requested from them to close them out. NEXGEN: NexGen has completed punchlist items. Inspector of Record must provide DSA form confirming his	Follow up with close-out activities: SILVER CREEK: Site walk with Silver Creek, architect and inspector NEXGEN: Waiting for IOR sign off.



SCHOOL	UPDATES	NEXT STEPS
	Williams Scotsman:	Williams Scotsman:
	 Rosemary Nunn will take over from Hal the negotiation of a cash refund due to WS issues. 	 Continue with negotiation for larger cash refund.
	Additional Campus Improvements – MSA San Diego would like to add cabinets to classrooms, a permanent lunch shelter immediately adjacent to MPR, and install synthetic turf in the dirt playground	Additional Campus Improvements: Director of Facilities to find out if the desired improvements can be financed with savings from the construction project and if it can be started before official DSA close-out Patrick to find out if the utilities will pay for a solar shade structure
	We previously reported that DSA will not close out project without restoration of landscaping that was value engineered out of the project. We now understand that we can file a "Construction Change Directive" or "CCD" to remove it.	Architect to prepare CCD.
	Prop 39 Energy Grant:	Prop 39 Energy Grant:
	Consultants walked site to come up with energy saving improvements. Report was generated but due do to a lack of history at the site, Prop 39 may not pay for new HVAC units. We will have to amend the expenditure plan which likely will be rejected and then we will appeal it.	Consultants will provide list of recommended improvements; report in process. Amendment of expenditure plan
MSA-SANTA ANA	Project is complete. CERTIFICATION LETTER RECEIVED FROM DIVISION OF STATE ARCHITECT. See Exhibit C.	Complete California State Division of State Architect close out.

754 of 757



Exhibit A MSA-1 UPDATE

Three week look ahead and pictures of progress attached.



View from Alley



Typical interior construction



Overhang on Sherman Way



Utility Vault [1] off of Sherman Way

[1] A utility vault is an underground room providing access to subterranean public utility equipment, such as valves for water or natural gas pipes, or switchgear for electrical or telecommunications equipment. A vault is often accessible directly from a street, sidewalk or other outdoor space, thereby distinct from a basement of a building.



Exhibit B MSA-7 HVAC Installation











Exhibit C

Division of State Architect Certification Letter



November 29, 2018

Certification of Compliance

Dr. Caprice Young Magnolia Education & Research Foundation 250 E. 1St Street, Suite 1500 Los Angeles, CA 90012

Project:

MAGNOLIA PACIFIC TECHNOLOGY SCHOOL

Application #: 04-112861

File Id #: Scope:

30-25 Construction of:1-Gymnasium Building A, (1) Classroom Building B (2 story), Site

Improvements (including Trash Enclosure)

Dear Dr. Caprice Young:

The Department of General Services' records indicate that the construction of the referenced project has been completed in accordance with design documents approved by the Department, and that all the Verified Reports covering the construction have been received. Therefore, the Department of General Services Certifies as follows:

This project is in compliance with California State regulations as to the safety of design and construction of public schools, and for the accommodation of persons with disabilities.

As stated in our letter approving the plans and specifications for this project, the Department does not review design documents or construction for compliance with the electrical, mechanical, or plumbing regulations. It is the responsibility of the professional consultants named on the application to verify compliance with appropriate parts of the California Building Code, and to submit Verified Reports documenting compliance.

Sincerely,

Chester "Chet" Widom, FAIA

State Architect

Division of the State Architect

CW: pc

cc: Architect/Engineer - Prithwish Gupta Director of Facilities Reading

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