

Agenda Item:	V D: Action Item
Date:	June 22, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Steve Budhrajia Ed.D, Chief Financial Officer
RE:	Approval of 2023-24 Master List of Contracts for the 2023-24 Fiscal Year & Extension of Agreements with Eide Bailey and Delta Management Systems (DMS)

Action Proposed:

I move that the Board approve the Master List of Contracts for the 2023-24 Fiscal Year and the extension of agreements with Eide Bailey and Delta Management Systems (DMS).

Background:

The California Education Code (EC), requires Governing Boards to approve ongoing contracts that exceed bid threshold guidelines. These guidelines as noted in the MPS Financial Policies include all contracts including those that exceed \$90,000 for vendors have maintained agreements with MPS annually or over multiple years.

There are two contract renewals that have been included in the board packet as follows. The first is the annual agreement with MPS’ Audit Firm (Eide Bailey). Eide Baily has worked with MPS for over approximately 8 years and the firm is a member of HLB International, a worldwide organization of accounting firms and business advisors. MPS staff has a good working relationship with the firm and our auditor’s report will provide an opinion on the following supplementary information in relation to the financial statements as a whole.

1. Consolidated Schedule of Expenditures of Federal Awards
2. Local Education Agency Organization Structure
3. Schedule of Average Daily Attendance (ADA)
4. Schedule of Instructional Time
5. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
6. Consolidating Statement of Financial Position
7. Consolidating Statement of Activities
8. Foundation Only Comparative Statement of Financial Position
9. Foundation Only Comparative Statement of Activities
10. Debt Covenants
11. Consolidating Schedule of Property and Equipment
12. Note to Supplementary Information

The agreement would extend through the 2023-24 fiscal year with an estimated cost of approximately \$110,000, which would cover the cost of auditing 10 school sites and the Home Office. These costs

have been incorporated into the 2023-24 Adopted Budget.

The second annual agreement would be the extension of the term with our current back-office provide, Delta Management Systems (DMS). MPS has evaluated the option of performing these services in-house, however upon analysis it appears that the costs for paying for additional MPS personnel along with the employee benefits would be much greater than continuing to contract with this company. As a result, MPS staff recommends to continue our relationship with DMS. MPS has maintained a strong working relationship with the company and continues to have regular meetings between MPS and DMS staff on identifying ways to improve processes. Therefore, we wish to continue to utilize their services and extend our term from July 1, 2023 to June 30, 2026 at a rate of \$146 per Average Daily Attendance (ADA). The estimated annual costs of approximately \$600,000 has been incorporated into the 2023-24 Adopted Budget.

Budget Implications:

The fiscal impact of the Annual Contracts for the 23/24 Fiscal Year has been incorporated into the Adopted Budget for the 2023-24 year that was presented to the Board on June 8, 2023.

Exhibits (Attachments):

- Magnolia Public Schools - Master List of Contracts for 2023-24.
- Annual agreement for services with Eide Bailey FY 2023-24
- Multiyear agreement for services with Delta Management Services (DMS) FY 2023-24 – 2025-26

MPS Annual Contracts - Fiscal Year 2023-24

Org Id	Vendor	FY 23-24	Department	Comment	Contact Lead	Annual/Multiyear Agreement
MSA 6	Companion	\$ 1,500	Academics	Alexandria Library software renewal	Erdinc Acar	Annual
Diego	Quizizz Inc	\$ 2,000	Academics	Quizizz Program	Erdinc Acar	Annual
MSA Bell	Iron Mountain, Inc.	\$ 2,500	Operations	Record Storage and Retention/LA998	Suat Acar	Fixed Service Contract
MSA 1 & SD	JAMF Software LLC	\$ 2,500	Operations	Apple Management JAMF License	Suat Acar	Annual
MERF	Document Tracking Services	\$ 3,000	Accountability	Document Tracking Services	David Yilmaz	Annual
MSA 1 & SD	AssetWorks	\$ 4,000	Finance	Inventory Management Systems	Steve Budhraj	Annual
MSA 1	S&P Global Ratings	\$ 4,000	Finance	S&P Global Ratings	Steve Budhraj	Annual
MERF	School Services of Ca. Inc.	\$ 4,200	Finance	Virtual Learning	Steve Budhraj	Annual
MSA 1 & SD	Zendesk Inc	\$ 4,500	Operations	IT Supports Desk Services	Suat Acar	Annual
Ana	Parchment LLC	\$ 4,700	Academics	Alumni Subscription	Erdinc Acar	Annual
MSA 1 & SD	Arbiter Group	\$ 5,000	Finance	CIF Payment System	Steve Budhraj	Annual
MSA Bell	Goalbook	\$ 5,000	Academics	Special Education	Erdinc Acar	Annual
MSA 1	Golden State Elevator, Inc.	\$ 5,000	Facilities	Monthly Service Contract #0371	Patrick Ontiveros	Fixed Service Contract
MSA Bell	Image IV Systems (MS01)	\$ 5,000	Finance	Lease Equipment	Steve Budhraj	Annual
Ana	Otis Elevator Company	\$ 5,000	Facilities	Service Agreement	Patrick Ontiveros	Fixed Service Contract
MERF	Pension Profit Sharing Service	\$ 5,000	Finance	John Hancock - retirement services	Steve Budhraj	Annual
MSA Bell	Savvas Learning Company LLC	\$ 5,000	Academics	Software - Ed Services	Erdinc Acar	Annual
MSA 1	Schindler Elevator Corp	\$ 5,000	Facilities	Maintenance Agreement	Patrick Ontiveros	Annual
MSA 3	Edmentum	\$ 6,000	Academics	Unlimited 12 month access PD learning	Erdinc Acar	Annual
MERF	Iron Mountain	\$ 6,500	Operations	Offsite Storage MERF	Suat Acar	Fixed Service Contract
MSA 1	Port53 Technologies Inc	\$ 8,000	Operations	Firewall	Suat Acar	Annual
MSA 4	Western Assoc of Schools & Colleges	\$ 8,000	Accountability	WASC Membership MID Cycle Review	David Yilmaz	Annual
MSA 4	Williams Scotsman, Inc.	\$ 8,000	Facilities	Williams Scotsman Steps and Mobile Office	Patrick Ontiveros	Annual
MSA 1 & SD	Cordata	\$ 8,400	Accountability	Digital Storage and Record Retention	David Yilmaz	Multiyear
MERF	EZ Space Storage	\$ 10,000	Operations	Curriculum Storage	Suat Acar	Annual
MSA 1	Hewlett Packard Financial	\$ 10,000	Finance	HP Computer Leases	Steve Budhraj	Annual
MSA 1 & SD	KQ Management	\$ 10,000	Communications	Charter School Petition Consultant	Brenda Lopez	Annual
MSA 1 & SD	Motivating Systems LLC	\$ 10,000	Academics	PBIS program to support positive behavior	Erdinc Acar	Annual
MSA 1 & SD	Ubistor	\$ 10,000	Operations	Data Services	Suat Acar	Annual
MSA 1 & SD	Hop Skip Drive	\$ 10,000	Academics	Student Transportation	Erdinc Acar	Annual
MSA 1 & SD	Families in School	\$ 10,000	Communications	Community Partners	Brenda Lopez	Fixed Service Contract
MERF	Care Solace	\$ 11,000	Academics	Wellness Center	Erdinc Acar	Annual
MSAMSA 1	Office of Dr Betty B Bostani	\$ 12,000	Academics	SPED Services (Legal)	Erdinc Acar	Annual
MSA 1	Sherman Way Terrace LP	\$ 12,000	Facilities	Sherman Way Terrace	Patrick Ontiveros	Annual
MSA 1 & SD	T-Mobile	\$ 12,000	Operations	Hot Spot Services	Suat Acar	Annual
MERF	Learningtech.org	\$ 12,500	Operations	Emergency Connectivity Fund Management Servi	Suat Acar	Annual
MERF	BoardOn Track	\$ 14,000	Board	Board on Track Membership	Alfredo Rubalcava	Annual
MSA 1 & SD	Educational Networks, Inc.	\$ 14,000	Communications	Educational Networks	Brenda Lopez	Annual
MERF	Explora International, LLC.	\$ 15,000	CEO	Leader Development Services	Alfredo Rubalcava	Annual
MSA 6	California Music Box	\$ 16,000	Academics	Music Program	Erdinc Acar	Annual
MSA 3	Tutor Me Education	\$ 17,000	Academics	Tutoring	Erdinc Acar	Annual
MERF	Jeannette Cruz-Reiber	\$ 18,000	Operations	HR Consulting Credentialing Service	Suat Acar	Annual
MSA 1 & SD	Kids Kan Inc - Dr Gale Gorcke	\$ 18,000	Academics	Professional Consultant	Erdinc Acar	Annual
Ana	OCDE	\$ 18,000	Finance	Payroll Retirement Services	Steve Budhraj	Annual
Ana	ParentSquare	\$ 18,500	Communications	Messenger Services	Brenda Lopez	Annual
MSA 1 & SD	Child Care Career LLC dba The Education Team	\$ 20,000	Operations	Substitute Services	Suat Acar	Annual
MSA 1 & SD	Los Angeles County Metro Transit - LACTMA	\$ 20,000	Academics	Metro Bus Passes	Erdinc Acar	Annual
MSA 1	Mobile Modular Portable Storage	\$ 20,000	Facilities	Container 8x40 #403933 and Bathroom and Classroom	Patrick Ontiveros	Annual

MPS Annual Contracts - Fiscal Year 2023-24

MERF	School House Consulting	\$ 20,000	Operations	Consultant Services	Suat Acar	Annual
MSA 1 & SD	1st Sports Complex	\$ 20,000	Facilities	Sports Arena Complex Rentals	Erdinc Acar	Annual
MSA 3	Vista Higher Learning Inc	\$ 23,000	Academics	Spanish Text Books	Erdinc Acar	Annual
MSA 1 & SD	Adobe Inc.	\$ 25,000	Operations	Adobe License all sites	Suat Acar	Annual
	CA State University of Northridge - Family Mitchell Clinic	\$ 25,000	Academics	Therapy Services	Erdinc Acar	Annual
MSA 1 & SD	Digital Synergy Consulting Inc	\$ 25,000	Operations	Ruckus License Renewal	Suat Acar	Annual
MSA 3	Eduspire Solutions, LLC EHAllpass	\$ 25,000	Academics	Appointment Pass	Erdinc Acar	Annual
MERF	LA Coalition	\$ 25,000	CEO	LA Coalition for Excellent Public Schools	Alfredo Rubalcava	Annual
MSA 1 & SD	Nearpod Inc	\$ 25,000	Academics	Nearpod	Erdinc Acar	Annual
Ana	Procopio	\$ 25,000	Legal	Legal Matters	Patrick Ontiveros	Annual
MSA 1 & SD	Schoolbinder Inc (TeachBoost)	\$ 25,000	Accountability	Employee HR Review Packages	David Yilmaz	Annual
Santa Ana	Linda Mood Bells Learning	\$ 28,000	Academics	SPED Services	Erdinc Acar	Annual
MERF	Media Image Public Relations	\$ 30,000	Communications	Member Renewal	Brenda Lopez	Annual
MSA 1 & SD	BrainPOP LLC	\$ 30,000	Academics	Unlimited 12 month access ELL and Brain Pop JR science	Erdinc Acar	Multiyear
MSA 1 & SD	Custom Computer	\$ 30,000	Accountability	Tableau	David Yilmaz	Multiyear
MERF	Grants Republic	\$ 30,000	Communications	Grant Consulting	Brenda Lopez	Fixed Service Contract
MSA 2	ONE Generation	\$ 30,000	Academics	Soccer Field (Rental)	Erdinc Acar	Annual
MSA 2	Parent Education Bridge	\$ 30,000	Communications	Parent Language Classes - EL	Brenda Lopez	Annual
MSA 1 & SD	Liminex, Inc	\$ 33,000	Operations	GO Guardian Chromebook Security	Suat Acar	Annual
MSA 1 & SD	School Mint Inc	\$ 33,000	Accountability	Student Recruitment	David Yilmaz	Annual
MSA 1 & SD	California Charter School Assn	\$ 35,000	CEO	CCSA Dues and Membership Fees	Alfredo Rubalcava	Annual
MSA 1 & SD	Microsoft Corporation	\$ 40,000	Operations	Microsoft Annual Agreement	Suat Acar	Annual
MSA 1 & SD	NWEA	\$ 40,000	Accountability	MAP Testing	David Yilmaz	Multiyear
MSA 1 & SD	Pitney Bowes Global Financial	\$ 40,000	Finance	Lease Equipment & Postage Supplies	Steve Budhraj	Annual
MSA 1 & SD	Adaptive Insights	\$ 43,000	Finance	Budgeting Software	Steve Budhraj	Multiyear
MSA 1 & SD	Infinite Campus	\$ 45,000	Accountability	Student Information System	David Yilmaz	Multiyear
MSA 1 & SD	ADT	\$ 50,000	Facilities	Security Services	Patrick Ontiveros	Multiyear
MSA 6	Rabuild Commercial Services	\$ 50,000	Facilities	Entitlement Services	Patrick Ontiveros	Annual
MSA 5	Rafeal Franco & Associates	\$ 50,000	Facilities	Feasibility Study	Suat Acar	Annual
MSA 1 & SD	Xerox Financial Services	\$ 50,000	Finance	Lease Copier Contract	Steve Budhraj	Annual
MSA 1 & SD	Zingo Construction	\$ 50,000	Facilities	Construction and Repair Services	Patrick Ontiveros	Annual
MSA 1 & SD	Jazz Empowers	\$ 51,200	Academics	Jazz band	Erdinc Acar	Annual
MSA 1 & SD	IXL Learning	\$ 54,000	Academics	Science Site Licenses	Erdinc Acar	Multiyear
MERF	SchoolAbility	\$ 55,000	Finance	Finance Software - Accounting	Steve Budhraj	Annual
MSA 1	National Construction Rentals	\$ 60,000	Facilities	National Construction Rental	Patrick Ontiveros	Annual
MSA 1 & SD	Amancear Consulting	\$ 65,000	Communications	Grant Consulting	Brenda Lopez	Annual
MSA 1 & SD	Side to Side Cleaning	\$ 70,000	Facilities	Custodial Services	Patrick Ontiveros	Fixed Service Contract
Diego	YMCA of San Diego County	\$ 70,000	Operations	ASES	Suat Acar	Annual
Diego	Specialized Therapy Services	\$ 75,000	Academics	Vision Services	Erdinc Acar	Annual
MSA 1 & SD	Edugenuity	\$ 86,000	Academics	Digital Libraries Odysseyware Software	Erdinc Acar	Multiyear
MSA 1 & SD	McGraw-Hill School Education	\$ 100,000	Academics	Cirriculum Book Order	Erdinc Acar	Annual
MSA 6	Musick Peeler & Garrett LLP	\$ 100,000	Legal	Legal Services	Patrick Ontiveros	Annual
MSA 6	Pacific Charter School Development	\$ 100,000	Facilities	Project management Fee MSA7	Patrick Ontiveros	Annual
MSA 1 & SD	Eide Bailley	\$ 110,000	Finance	Audit Services	Steve Budhraj	Annual
MSA 1 & SD	Renaissance Learning Inc	\$ 119,000	Academics	Software - Ed Services	Erdinc Acar	Annual
MSA Bell	MetLife	\$ 125,000	Operations	Metlife	Suat Acar	Annual
MSA 6	Mutual of Omaha	\$ 125,000	Operations	Life Insurance ADD	Suat Acar	Annual
MERF	Larson Communications	\$ 140,000	Communications	Public Relations	Brenda Lopez	Annual
MSA 1 & SD	World Private Security, Inc.	\$ 150,000	Operations	Security Guard Services	Suat Acar	Annual
MSA 1 & SD	Young, Miney, & Corr. LLP	\$ 150,000	Legal	Legal Services	Patrick Ontiveros	Annual

MPS Annual Contracts - Fiscal Year 2023-24

MSA 1 & SD	LA County Office of Education Student Support Services	\$ 150,000	Operations	PBIS and Beg Teacher Services	Suat Acar	Annual
MERF	Kajima Deveopment Corporation	\$ 180,000	Facilities	CMO Facilities	Patrick Ontiveros	Multiyear
MSA 1 & SD	Edlogical	\$ 200,000	Academics	SPED Services	Erdinc Acar	Multiyear
MSA 5	Paycom	\$ 250,000	Finance	Paycom Fees Payroll	Steve Budhraj	Annual
MSA 1 & SD	Cross Country Staffing Inc.	\$ 300,000	CEO	Nursing/SPED services	Alfredo Rubalcava	Multiyear
MSA 1 & SD	Think Together	\$ 300,000	Operations	ASES Afterschool Services	Suat Acar	Annual
MSA 1 & SD	Uniformity DM Graphics	\$ 300,000	Operations	Student uniform services	Suat Acar	Annual
MSA 1 & SD	eLuma Online Therapy	\$ 350,000	Academics	Speech and Language Services	Erdinc Acar	Multiyear
MSA 6	First Luth. Chr. of Northridge	\$ 350,000	Facilities	Facilities Rental Payment	Patrick Ontiveros	Multiyear
MSA 1 & SD	Riders Express	\$ 500,000	Operations	Student Transportation	Alfredo Rubalcava	Annual
MSA 1 & SD	ARC	\$ 550,000	Operations	ASES Program	Suat Acar	Annual
MSA 1 & SD	21st Century Staffing LLC	\$ 575,000	Operations	Substitute Services	Suat Acar	Annual
MERF	Delta Managed Solutions, Inc.	\$ 600,000	Operations	Back office provider	Steve Budhraj	Multiyear
MSA 1 & SD	Houghton Mifflin Court	\$ 675,000	Academics	Math Textbook Adoption	Erdinc Acar	Multiyear
MSA 1 & SD	CharterSAFE	\$ 945,000	Finance	Premium Package Insurance - April	Steve Budhraj	Annual
MSA 1 & SD	Scoot Education	\$ 950,000	Operations	Substitute Services	Suat Acar	Annual



March 1, 2023

Steve Budhreja Ed.D.
Chief Financial Officer
Magnolia Public Schools
250 E 1st Street, Suite 1500
Los Angeles, CA 90012

You have requested that we audit the consolidated financial statements (the financial statements) of Magnolia Public Schools (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In addition, we will audit the entity's compliance over major federal award programs for the period ended June 30, 2023. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on the financial statements and an opinion on compliance regarding the entity's major federal award programs.

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The supplementary information will be presented for purposes of additional analysis and is not a required part of the financial statements. Such information will be 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. Our auditor's report will provide an opinion on the supplementary information in relation to the financial statements as a whole.

1. Consolidated Schedule of Expenditures of Federal Awards
2. Local Education Agency Organization Structure
3. Schedule of Average Daily Attendance (ADA)
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5. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
6. Consolidating Statement of Financial Position
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12. Note to Supplementary Information

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Schedule of Expenditures of Federal Awards (SEFA)

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Audit of the Financial Statements

We will conduct our audit in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations.

As part of an audit of the financial statements in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America and/or state or regulatory audit requirements.

Please note that the determination of abuse is subjective, and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the Governing Board of the Organization. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We also will issue a written report on compliance with the types of compliance requirements (as applicable) as identified in the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Audit of Major Program Compliance

Our audit of the Organization's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance

will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America; and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For 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;
- c. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
- d. For maintaining records that adequately identify the source and application of funds for federally funded activities;

- e. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance requirements;
- f. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
- g. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
- h. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
- i. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
- j. For taking prompt action when instances of noncompliance are identified;
- k. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- l. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- m. For submitting the reporting package and data collection form to the appropriate parties;
- n. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
- o. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence;
- p. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- q. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- r. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- s. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the compliance;
- t. For the accuracy and completeness of all information provided;
- u. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
- v. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of

federal awards in any document that contains the supplementary information and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule of expenditures of federal awards will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule no later than the date of issuance by you of the supplementary information and our report thereon.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including your understanding of your responsibilities as defined in this letter to us in your management representation letter.

Nonattest Services

With respect to any nonattest services we perform, we agree to perform the following:

- Prepare federal and state income tax returns.
- Prepare or assist with preparing financial statements in conformity with U.S. generally accepted accounting principles based on information provided by you.
- Complete the auditee's portion of the Data Collection Form.

We will not assume management responsibilities on behalf of Magnolia Public Schools. Magnolia Public School's management understands and agrees that any advice or recommendation we may provide in connection with our audit engagement are solely to assist management in performing its responsibilities.

The Organization's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined above. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities. Our firm will advise the Organization with regard to tax positions taken in the preparation of the tax return, but the Organization must make all decisions with regard to those matters.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we will only provide confidential engagement documentation to you via Eide Bailly's secure portal or other secure methods, and request that you use the same or similar tools in providing information to us. Should you choose not to utilize secure communication applications, you acknowledge that such communication contains a risk of the information being made available to unintended third parties. Similarly, we may communicate with you or your personnel via e-mail or other electronic methods, and you acknowledge that communication in those mediums contains a risk of misdirected or intercepted communications.

Should you provide us with remote access to your information technology environment, including but not limited to your financial reporting system, you agree to (1) assign unique usernames and passwords for use by our personnel in accessing the system and to provide this information in a secure manner; (2) limit access to "read only" to prevent any unintentional deletion or alteration of your data; (3) limit access to the areas of your technology environment necessary to perform the procedures agreed upon; and (4) disable all usernames and passwords provided to us upon the completion of procedures for which access was provided. We agree to only access your technology environment to the extent necessary to perform the identified procedures.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your website or elsewhere, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

Scott C. Gustafsson is the engagement partner for the audit services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit on a mutually agreed upon date.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses, including administrative charges. Invoices are payable upon presentation. We estimate that our fee for the audit will be \$92,000 and the tax return will be \$5,000, exclusive of considerations related to the adoption of Accounting Standards Codification 842, *Leases* (ASC 842), which is now effective for the Organization.

ASC 842 became effective for nonpublic companies for annual periods beginning January 1, 2022. The requirements of this standard will result in material changes to most entity's financial statements, both with respect to financial statement presentation and related disclosures. Depending upon the applicability of additional audit procedures related to the adoption of this standard an additional fee may be assessed of approximately \$3,500.

Should additional federal programs in excess of two major programs be determined to be major programs and which requires additional testing during this fiscal year, an additional fee may be assessed totaling \$3,500 for each additional major program tested. We prefer this approach rather than increasing the on-going contract amounts as these programs are temporary.

Additionally, as we are assisting with the preparation of the financial statements and related disclosures and financial statement presentations for debt issuances an additional fee may be assessed totaling \$2,500 per new debt issuance or refunding during the current year due to the complexities of those transactions.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Organization's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

The ability to perform and complete our engagement consistent with the estimated fee included above depends upon the quality of your underlying accounting records and the timeliness of your personnel in providing information and responding to our requests. To assist with this process, we will provide you with a Prepared-by-Client (PBC) request that identifies the information required to perform our engagement, as well as a planned timeline for the engagement. A failure to provide this information in an accurate and timely manner may result in an increase in our fees and/or a delay in the completion of our engagement.

We may be requested to make certain audit documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such audit documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit and tax return preparation are completed and a report issued and tax returns delivered, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to Magnolia Public Schools information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of Magnolia Public Schools information accessed by such service provider and any work performed by such service provider.

We agree to retain our audit documentation or work papers for a period of at least eight years from the date of our report.

Neither of us may use or disclose the other's confidential information for any purpose except as permitted under this engagement letter or as otherwise necessary for Eide Bailly to provide the services. Your confidential information is defined as any information you provide to us that is not available to the public. Eide Bailly's confidential information includes our audit documentation for this engagement. Our audit documentation shall at all times remain the property of Eide Bailly LLP. The confidentiality obligations described in this paragraph shall supersede and replace any and all prior confidentiality and/or nondisclosure agreements (NDAs) between us.

You agree to share all facts that may affect your financial statements, even if you first become aware of those facts after the date of the auditor's report but before the date your financial statements are issued.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

Government Auditing Standards require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, ("HLB"). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

Eide Bailly LLP formed The Eide Bailly Alliance Network, a network for small to mid-sized CPA firms across the nation. Each member firm of The Eide Bailly Alliance, including Eide Bailly LLP, is a separate and independent legal entity and is not owned or controlled by any other member of The Eide Bailly Alliance. Each member firm of The Eide Bailly Alliance is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of The Eide Bailly Alliance or any other member firm of The Eide Bailly Alliance and hereby

specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of The Eide Bailly Alliance.

Eide Bailly LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business Code. It is not anticipated that any of the non-licensee owners will be performing services for the Organization.

MEDIATION

Any disagreement, controversy or claim arising out of or related to any aspect of our services or relationship with you (hereafter a "Dispute") shall, as a precondition to litigation in court, first be submitted to mediation. In mediation, the parties attempt to reach an amicable resolution of the Dispute with the aid of an impartial mediator. Mediation shall begin by service of a written demand. The mediator will be selected by mutual agreement. If we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA"). Mediation shall be conducted with the parties in person in Rancho Cucamonga, California. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Neither party may commence a lawsuit until the mediator declares an impasse.

LIMITED INDEMNITY

Eide Bailly LLP and its partners, affiliates, officers and employees (collectively "Eide Bailly") shall not be responsible for any misstatements in your financial statements and tax return that we may fail to detect as a result of misrepresentations or concealment of information by any of your owners, directors, officers or employees. You shall indemnify and hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees arising from any such misstatement or concealment of information.

If through no fault of Eide Bailly we are named as a party to a dispute between you and a third party, you shall indemnify and hold Eide Bailly harmless against any losses, damages, settlements, judgments, awards, and the costs of litigation (including attorneys' fees) we incur in connection with the dispute.

Eide Bailly shall not be entitled to indemnification under this agreement unless the services were performed in accordance with professional standards in all material respects.

LIMITATION OF LIABILITY

The exclusive remedy available to you for any alleged loss or damages arising from or related to Eide Bailly's services or relationship with you shall be the right to pursue claims for actual damages that are directly caused by Eide Bailly's breach of this agreement or Eide Bailly's violation of applicable professional standards. In no event shall Eide Bailly's aggregate liability to you exceed two times fees paid under this agreement, nor shall Eide Bailly ever be liable to you for incidental, consequential, punitive or exemplary damages, or attorneys' fees.

TIME LIMITATION

You may not bring any legal proceeding against Eide Bailly unless it is commenced within twenty-four (24) months ("Limitation Period") after the date when we delivered our report, return, or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the audit and tax return preparation. The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of a possible Dispute.

GOVERNING LAW AND VENUE

Any Dispute between us, including any Dispute related to the engagement contemplated by this agreement, shall be governed by California law. Any unresolved Dispute shall be submitted to a federal or state court located in Los Angeles, California.

ASSIGNMENTS PROHIBITED

You shall not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly to any person.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



Scott C. Gustafsson, CPA
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Magnolia Public Schools by:

DocuSigned by:
Name: Steve Budhiraja
ADC78068C2A5467...

Title: CFO

Date: 3/8/2023

Certificate Of Completion

Envelope Id: F116982F67094C5EBB299F67E202E281	Status: Completed
Subject: Complete with DocuSign: Magnolia Public Schools 2023 Audit Engagement Letter.pdf	
Source Envelope:	
Document Pages: 11	Signatures: 1
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelope Stamping: Enabled	Kathy Shiflet
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	4310 17th Ave. S.
	Fargo, ND 58103
	kshiflet@eidebailly.com
	IP Address: 35.131.114.130

Record Tracking

Status: Original	Holder: Kathy Shiflet	Location: DocuSign
3/1/2023 4:10:30 PM	kshiflet@eidebailly.com	

Signer Events

Steve Budhraj
sbudhraj@magnoliapublicschools.org
CFO
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

ADC78968C2A5467...
Signature Adoption: Pre-selected Style
Using IP Address: 107.197.140.50
Signed using mobile

Timestamp

Sent: 3/1/2023 4:13:18 PM
Viewed: 3/8/2023 7:08:51 AM
Signed: 3/8/2023 7:11:11 AM

Electronic Record and Signature Disclosure:

Accepted: 3/8/2023 7:08:51 AM
ID: 5759eb81-1a1f-4397-9370-923a666e0251
Company Name: Eide Bailly LLP

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Scott Gustafsson
sgustafsson@eidebailly.com
Security Level: Email, Account Authentication (None)

COPIED

Sent: 3/1/2023 4:13:18 PM
Viewed: 3/8/2023 10:04:06 AM

Electronic Record and Signature Disclosure:

Accepted: 3/1/2023 12:45:36 PM
ID: e1bf2bd0-2eb4-4500-b587-370c379de55a
Company Name: Eide Bailly LLP

Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent	Hashed/Encrypted	3/1/2023 4:13:18 PM
Certified Delivered	Security Checked	3/8/2023 7:08:51 AM
Signing Complete	Security Checked	3/8/2023 7:11:11 AM
Completed	Security Checked	3/8/2023 7:11:11 AM

Payment Events

Status

Timestamps

Electronic Record and Signature Disclosure

CONSUMER DISCLOSURE

From time to time, Eide Bailly LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the "I agree" button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent" form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Eide Bailly LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: salesforcehelpdesk@eidebailly.com

To advise Eide Bailly LLP of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at salesforcehelpdesk@eidebailly.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from Eide Bailly LLP

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to salesforcehelpdesk@eidebailly.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Eide Bailly LLP

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to salesforcehelpdesk@eidebailly.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000 or WindowsXP
Browsers (for SENDERS):	Internet Explorer 6.0 or above
Browsers (for SIGNERS):	Internet Explorer 6.0, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	ò Allow per session cookies ò Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection
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** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the "I agree" button below.

By checking the "I Agree" box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Eide Bailly LLP as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Eide Bailly LLP during the course of my relationship with you.

AGREEMENT FOR
CHARTER SCHOOL BUSINESS & ADMINISTRATIVE SERVICES
DATED AS OF MAY 18, 2023

THIS IS AN AGREEMENT FOR SERVICES between **MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**, to which reference is made herein as the “School,” and **DELTA MANAGED SOLUTIONS, INC.**, to which reference is made herein as “DMS”, in connection with charter school business and administrative services to be provided by DMS to the School, as described in the Scope of Services attached hereto.

1. **Employment.** The School hereby employs DMS to perform, and DMS will perform, as requested by the School, services set forth in the Scope of Services, attached hereto.
2. **Representations of DMS.** DMS hereby represents the following:
 - A. DMS shall not receive a fee from any source other than the School for the services in the Scope of Services attached to this Agreement, except as may be disclosed in writing, and has no arrangement with respect thereto with any party other than the School regarding the services in the Scope of Services attached. There are no actual or potential conflicts of interest concerning the services.
 - B. DMS and its personnel’s fulfillment of their obligations under this Agreement will not breach any obligations they have to any third party.
 - C. DMS is an independent private business and is not acting in any other professional capacity than as represented in this Agreement and the Scope of Services attached hereto.
 - D. All DMS personnel (employees or contractors) performing services have the requisite skills, experience, and qualifications. However, DMS reserves the right to hire and train staff as necessary in the standard course of business operations.
 - E. DMS will ensure that the results of all services are complete and accurate (subject to the completeness and accuracy of the relevant information provided by the School) in accordance with the California School Accounting Manual (CSAM).
 - F. DMS will complete by the applicable completion date any elements of the services that the School informs DMS have a fixed completion date, provided the School provides sufficient notice to DMS which shall be no less than thirty (30) days, or that DMS knows or reasonably should know has a fixed completion date (e.g. financial reporting for defined accounting periods).
 - G. In the performance of services hereunder, DMS will comply with all applicable laws and regulations applicable to the administration of public charter schools. DMS does not warranty and has no liability regarding any technology systems DMS is directed to use by the School.
3. **Agreements of DMS.** DMS hereby agrees as follows:
 - A. DMS will provide, as requested by the School, services that reasonably conform to the Scope of Services attached hereto.

- B. In providing such services, DMS will make available the experience of its organization so as to represent the School.
4. **Term of the Agreement.** The term of this Agreement shall be **thirty-six (36)** months, for the period beginning on **July 1, 2023** and ending on **June 30, 2026**.
5. **Compensation.**
- A. **Services Fee.**
- i. The School shall pay to DMS annual fiscal year compensation of **\$146 per unit of Average Daily Attendance (ADA) per year**. All monthly compensation is due and payable on the 1st of each month beginning on July 1, 2023. Monthly payments shall be pro-rated based on the most recent certified ADA report available and include any adjustments needed for changes in ADA throughout the year. Final payment for each July-June fiscal year under the Term of this Agreement shall be based on final P-2 ADA for such year. Service fees are calculated based on originally reported P-2 ADA and subsequent reductions to reported P-2 ADA shall not result in a modification of services fees.
- ii. The School shall be responsible for all costs related to licensing, training and software maintenance of the agreed upon accounting system as stated in the scope of services via direct agreement between School and EscapeTech and/or SchoolAbility. Changes in the accounting software will constitute an additional implementation fee.
- iii. An implementation fee in the event of a change in software from EscapeTech and/or SchoolAbility as agreed upon between the School and DMS will result in **a fee equivalent to one month's service fee** as stated in 5.A.i. of this agreement. The fee is due upon the first day of implementation of the new software.

DMS' services fee covers all services set forth in the Scope of Services attached hereto, with the exception of pre-approved and documented travel costs consistent with the School's expense reimbursement policy which shall be billed separately at standard rates. All other out-of-pocket expenses are inclusive in DMS' standard monthly fee. Additional services (including but not limited to: bond/note financing services, private grant application and management services, and other services not described in the Scope of Services) are available at an additional cost to be negotiated between DMS and the School via separate agreement prior to the incurrence of such additional services.

6. **Contract Renewal.** This Agreement shall be renewable for consecutive single or multiple fiscal year terms, by mutual agreement, each such term beginning at the end of the prior period's agreement. Pricing for future years will be negotiated at the time of renewal.
7. **Entire Agreement; Amendments.** All discussions, negotiations and prior agreements between the School and DMS regarding the services to be provided during the Term of this Agreement and pursuant to the Scope of Services attached hereto are merged into this Agreement. This Agreement together with the Scope of Services and Security Standards is the entire agreement between the parties respecting the subject matter hereof. This Agreement may be amended only in writing. This

Agreement is renewable by Amendment, subject to all terms and conditions herein unless otherwise agreed by the parties.

8. **Assignment.** This Agreement may not be assigned by either party hereto without the written consent of the other party.

9. **Time.** DMS agrees that time is of the essence in its performance of services under this Agreement.

10. **Termination.**

A. Upon thirty (30) days written notice to the other party, either party hereto may terminate this Agreement for cause, determined as a material breach prohibiting the accomplishment of the parties' objectives upon entering into this Agreement, provided the party seeking to terminate the agreement gave the other party thirty (30) days written notice to cure the breach(es) and the party did not cure within the thirty (30) days.

B. Upon termination by either party, DMS shall be paid compensation as described under Paragraph 5, Compensation, above incurred through the date of termination. DMS (i) will deliver a copy of the School Information in its possession or control (including in the Accounting System) in an industry-standard format within thirty (30) days after the effective date of termination and ensure that the School has access to the Accounting System for at least 30 days after the effective termination in order to allow the School to download the School Information stored within the Accounting System. The following sections shall survive any termination or expiration of this Agreement: 10(B), 11(B), 12(B), 13 – 18.

11. **Information.**

A. **Ownership and Accuracy.** The School, its officials, staff, and board will be providing DMS various data, records, studies, computer print-outs and other information and representations as to the facts relating to the School and its operations. DMS will be using and relying upon such data, records, studies, computer print-outs and other information in the preparation of DMS' work products. All such data, records, studies, computer print-outs and other information, and compilations created therefrom, are considered as and shall remain the property of the School. DMS shall not be obligated to establish or verify the accuracy or completeness of the information furnished to DMS by the School, its officials, staff, or board, and DMS bears no liability in the event any such information is deemed to be false, misleading or inaccurate or otherwise violates any law, regulation or order. In the event of any such determination, the School shall defend, indemnify and hold DMS harmless from and against any claim, suit, proceeding or loss, damages, or liability of any kind related to the information provided by the School, its officials, staff, and board to DMS.

B. **Confidentiality.** "Confidential Information" means any information, know-how and trade secrets in any form that either are (i) designated as "proprietary," "confidential", or with words of similar meaning at the time of disclosure or (ii) a reasonable person knows or should reasonably understand to be confidential. School Information is Confidential Information of the School. The School and DMS agree that each will ensure no use, dissemination, or disclosure of any Confidential Information of the other party to any person, firm or business, except as necessary to perform obligations or exercise rights or privileges set forth in this Agreement and the Scope

of Services, attached hereto, and then only as agreed by the parties, provided that any such third parties shall, before they may access such information, either (i) execute a binding agreement to keep such information confidential or (ii) be subject to a professional obligation to maintain the confidentiality of such information. Each party agrees it will receive all Confidential Information in trust and confidence and it will treat all Confidential Information with the same degree of care as it accords to its own Confidential Information of like sensitivity, but in no event less than a reasonable level of care. Notwithstanding the foregoing, Confidential Information may be disclosed as required by any governmental agency or as legally required, provided that before disclosing such information the disclosing party must provide the non-disclosing party with sufficient advance notice of the request for the information to enable the non-disclosing party to exercise any rights it may have to challenge or limit the requesting party's authority to receive such Confidential Information.

- C. **Security.** DMS will, and will ensure that all of its subcontractors, comply with the obligations set forth in the Security Standards attached to this Agreement, which may be amended as necessary to meet industry standard practice for the administration of public charter schools.

12. **Standards & Liability.**

- A. DMS shall perform its services pursuant hereto in accordance with competent professional standards. The liability of DMS to the School for any breach of these standards arising out of or related to this Agreement or the services performed hereunder shall not exceed the aggregate limit of DMS's errors and omissions insurance limit at the time of the breach, which shall in no event be less than \$2,000,000.
- B. DMS will defend and indemnify the School and its affiliates, directors, officers, and employees against all settlement amounts approved by DMS and any liabilities, damages, losses, costs, fees (including legal fees), and expenses in connection with any third party legal proceeding (including action by a government authority) to the extent arising from: (i) DMS's gross negligence, fraud, or willful misconduct; (ii) any personal injury, or death related to DMS's performance of the services; and (iii) an allegation that DMS personnel are entitled to employee compensation, benefits, or other rights.
- C. DMS shall not be liable for mistakes of judgement or other actions taken in good faith unless such error results from an intentionally wrongful or grossly negligent act of DMS.

13. **Severability.** If any provision of this Agreement is unenforceable or invalid under any applicable law or is so held by applicable court decision(s), such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole. In such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law or court decision(s).

14. **Waiver.** The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter unless otherwise agreed by the parties in writing; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself unless otherwise agreed by the parties in writing.

15. **Counterparts; Scan/Facsimile.** This Agreement may be signed in counterparts and shall be effective against signatures by scan/facsimile (in an email, PDF or otherwise). Each counterpart when so

executed shall constitute an original and all of which together shall constitute one and the same instrument.

16. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of California. DMS and the School agree that no legal action may be brought against the other more than two (2) years after the date the claim giving rise to such action became known by the party asserting the claim or exercising reasonable diligence should have been known to that party.
17. **Independent Contractor.** DMS's relationship to the School is that of an independent contractor. Nothing in this Agreement or in the activities contemplated by the School and DMS shall be deemed to create an agency, partnership, employment, or joint venture relationship between the School and DMS. DMS is solely responsible for: its personnel's acts and omissions; staffing, instructing, and managing personnel performing services; and determining its personnel's compensation (i.e., any stated rates for Services provided are not wage rates). The School acknowledges that DMS is not an accounting or law firm, and no services or written or oral communications made by DMS during the course of providing services are or should be construed as tax or legal advice. DMS neither assumes nor underwrites any liability of the School except as set forth herein and acts only as a provider of the services in the Scope of Services attached hereto, which are ministerial in nature. In the event the School hires an employee of DMS within six (6) calendar months of that employee working for DMS, the School shall pay to DMS a finder's fee of twenty-five percent (25%) of the employee's salary at time of hire as paid by the School or of the employee's most recent salary at DMS, whichever is greater and which shall be due and payable immediately upon hire and which obligation survives the termination of this Agreement. Such fee is necessary to compensate DMS for the unique training investment to train its staff into the specialized industry of public charter school finance and reporting.
18. **Government Code.** DMS and its representatives are not public officials or participating in governmental decisions, as those terms are used in Section 87100 of the California Government Code or otherwise. No actions or opinions necessary for the performance of DMS' duties under this Agreement will cause DMS to be a public official or to be participating in governmental decisions, as those terms are used in Section 87100 of the California Government Code or otherwise.

IN WITNESS WHEREOF, this Agreement has been executed and delivered for and in the names and on behalf of the School and DMS as of the date set forth above.

**MAGNOLIA EDUCATIONAL &
RESEARCH FOUNDATION**

By: _____

Name: _____

Title: _____

DELTA MANAGED SOLUTIONS, INC.

By: _____

Name: Joanne Fountain

Title: Chief Executive Officer

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION / DELTA MANAGED SOLUTIONS, INC.
SCOPE OF SERVICES

In performing under this Agreement, DMS shall perform services that reasonably conform to those as described below:

FISCAL SERVICES:

- ❖ DMS shall utilize the Escape comprehensive accounting system, including all requisite fund accounting and general ledger and accounts payable/receivable modules (the “accounting system”). School shall be responsible for all costs related to acquisition, licensing, training and software maintenance of the accounting system via a direct agreement between School and EscapeTech and/or SchoolAbility. The system will be fully SACS-compliant and capable of producing standardized SACS reports for financial reporting to the School’s authorizer and other public agencies as required. DMS shall not use any accounting system other than Escape without the School’s prior written consent, which the School may deny or grant in its sole discretion. The system will be accessible by authorized School staff, state and local entities for review and audit reconciliation and for the download of the School’s Information stored in the accounting system in electronic format. School shall be responsible for the cost and maintenance of the hardware and/or software and any other costs, if any, to establish any local internet connections to access the accounting system from the school site.
- ❖ DMS shall provide ongoing regular reporting of fiscal status to the School’s board and staff, including attendance at each board meeting in which DMS participation is requested in advance by the School. The School shall be responsible for timely notifying DMS of scheduled board meetings at which DMS attendance is requested. The School must specifically request actual attendance in writing (email or hard copy), and absent circumstances warranting special/emergency board meetings, timely notification shall be one (1) week in advance. DMS may elect to attend any board meeting. DMS must be provided the board agenda prior to or at the time of public posting. All DMS staff presenting at Board meetings shall be senior DMS Finance staff familiar with the current fiscal status and operations of the School.
- ❖ DMS shall coordinate and assist with the School’s budgeting process, including preparation of the original budget and all interim budgets including multi-year projections, preparation of DMS Monthly Update reports showing budget vs. actuals and cash flows by School site, revising and discussing with School staff and/or Finance Committee members (if applicable), providing professional advice on actual and projected line item revenues and expenditures, attending budget approval board meetings if needed, and preparation and filing of authorizer-required and State-required budget forms.
- ❖ DMS shall provide advisory services in relation to the School’s monthly cash flow needs, including computation of expected monthly revenues based on current and projected Average Daily Attendance (ADA) (as provided by the School), coordination of expenditure timing to match revenue flow (see Scope of Services - Purchasing/Procurement below) and other similar services as required. DMS can coordinate long term cash flow financing for the School, if requested and subject to the School’s qualification, for an additional fee to be determined at such time via separate agreement.
- ❖ DMS shall assist the School in developing a satisfactory system of financial controls to ensure financial stability, including working with the School to develop or update a Fiscal Procedures & Policies Manual, if requested. School staff is responsible for implementing the on-site accounting and fiscal controls and procedures as outlined in the School’s approved policies and procedures.
- ❖ DMS shall assist the School in establishing and maintaining an external bank account(s) outside of the County Treasury and will administer and reconcile all banking transactions through this external bank account(s) and

the School's County Treasury account(s). Accounts will be held in the School's name; DMS will hold no School bank account(s), nor be a signatory on School account(s).

- ❖ DMS shall work directly with the School's chosen independent auditor regarding the School's annual audit to ensure all necessary financial information is provided in a full and timely manner. DMS shall not be involved in the attendance portion of the audit except to prepare reports using attendance data provided by the School upon request (see Scope of Services - Compliance/Reporting below) and to provide copies of the School's P-1, P-2, and Annual ADA reports to the auditor as needed.

POST-PAYROLL REPORTING SERVICES:

- ❖ DMS shall prepare and submit all California required post-payroll-related reports and filings and process all post-payroll-related payments, including but not limited to: California State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) contribution calculations, and other benefits calculations and payments directly related to post-payroll payment processing. DMS services do not include 401a/403b/457 TPA duties, which should be performed by a TPA specializing in this area to ensure continuing qualification of such plans under the Internal Revenue Code. DMS services do not include back reporting or correcting California State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) outside of this contracted term unless the back reporting falls within a prior contracted term.
- ❖ DMS shall not be responsible for reporting pursuant to the Affordable Care Act (ACA) as such reporting is based on information for which the School's healthcare broker and/or payroll service provider is responsible.
- ❖ DMS shall assist the School in obtaining any necessary accounts for STRS/PERS reporting, which DMS shall file pursuant to required procedures for such reports in the School's county(ies). DMS is not responsible for late fees or penalties due to the timing of the School's chosen pay periods in relation to the deadlines for retirement reporting. The School is responsible for the submission of the ACH contribution payments to the county.
- ❖ The School shall be responsible for providing DMS with accurate and timely payroll data from the payroll system and as requested of the School from DMS.

PURCHASING/PROCUREMENT:

- ❖ The School shall be responsible for initial creation and approval of all purchases, including inputting such orders into the Escape accounting system. The School is solely responsible for ensuring that all items ordered are suitable for public educational purposes (e.g. non-religious materials). Once purchases are approved by the School's authorized staff, the School shall further be responsible for delivering approved purchase orders (POs) to vendors (i.e. placing the order). All POs shall reflect School as the shipping and billing address (which may include School staff addresses for shipping if authorized by School). Once the order is received by the School, School staff is responsible for marking items as received, including marking items as received in the accounting system.
- ❖ Invoices shall be sent to the School. Once the School approves invoices for payment, the School shall forward all invoices with the corresponding PO number noted on the invoice to DMS via upload to the DMS SHARE online file portal within five (5) business days of receipt. Uploads to DMS SHARE shall include batch headers to ensure clear communication to DMS. Uploads to DMS SHARE shall be considered the School's authorization for DMS payment of the invoice. DMS shall enter all invoices into the accounting system for payment, matching invoices to existing approved and received POs where applicable. For invoices without a corresponding PO, the School's submission of the invoice to DMS via SHARE shall be considered approval for payment and will include coding for direct entry..

- ❖ Assuming the School has adequate cash flow, at least every ten (10) business days, DMS shall prepare a payment voucher containing all approved invoices to date, print all checks (using a pre-set electronic signature image from an authorized signer on the School's main operating bank account built into the blank check stock) and deliver all payments to the vendors, integrating accounts payable with Fiscal Services as described in this Scope of Services for payment timing optimization and coordination of purchasing activities to coincide with timing of revenue limit receipts. Delivery shall generally be via standard U.S. mail and items shall qualify as meeting DMS's delivery requirement under this Agreement when mailed or otherwise sent from DMS.
- ❖ DMS shall make all invoices received by DMS available in PDF format to the School via password-protected access to DMS SHARE, so that authorized School staff may review all current and prior invoices online (dating back to the first non-implementation month of DMS-provided services to the School). Scanning and uploading of such invoices shall generally occur within no more than twenty (20) business days of receipt of invoice by DMS absent extenuating circumstances.
- ❖ Throughout the purchasing and accounts payable process, all account activity will be visible to School staff on the Escape accounting system, showing the amount paid from each account code. The point at which transactions become visible in the accounting system depends on the purchasing method (using/not using POs) chosen by the School.
- ❖ On a monthly basis, DMS shall prepare and deliver a summary and detail warrant report to the School's Board for review and approval on the Board's consent agenda, showing all non-payroll-register payments made in the prior month.
- ❖ School is responsible for aligning all purchases with Board-approved purchasing policies and obtaining all required board approval or ratification for purchased items. All employee reimbursements must be accompanied by School approval for payment. Employee reimbursements will generally be processed in the same manner as vendor invoices but prioritized for payment at the earliest available payment batch.
- ❖ DMS shall reconcile purchasing activities with the School's external banking account(s). Accounts will be held in the School's name; DMS will hold no School bank account(s), nor be a signatory on School account(s).
- ❖ School shall minimize the use of emergency checks to critical time-sensitive payments only. In the event the School must have an emergency check, School shall notify DMS immediately of its intent to have an emergency check and shall then provide DMS with all information for the emergency check including, if applicable, the PO number, allowing DMS one business day processing time. Emergency check runs shall be limited to once per week absent school safety concerns.
- ❖ School agrees to provide DMS with view-only online access to all School bank accounts (including credit card accounts). If online access is unavailable, School shall provide any banking or credit card statements to DMS immediately upon receipt.
- ❖ DMS shall prepare and submit annual 1099 reporting, on-going independent contractor reporting, and periodic use tax reporting to the appropriate agencies. Regarding vendor maintenance, the School is responsible for requesting W-9s from new vendors and submitting those to DMS for vendor set up in the accounting system. School is responsible for providing accurate and timely W-9's and vendor information to DMS to ensure reporting deadlines are met.
- ❖ DMS shall assist School in obtaining a business credit card for use by School staff, if requested and subject to the School's qualification. School shall not use debit cards linked to the School's main operating account unless no credit card accounts can be obtained. For credit card purchases, DMS shall consider the credit card statement as the invoice for recordkeeping and audit purposes and shall consider receipt of the statement as authorization for payment of the credit card balance in full. The School shall be responsible for coding all line items for the

credit card statement on an AMEX Statement Payment Form provided by DMS. School shall submit the form with each statement for payment. Items not coded will be placed in 4338 Instructional Expenses AE Card. The school is responsible for providing further information for recoding of such funds to DMS. All underlying receipts and documentation for individual credit card purchases shall be retained by School staff on-site.

- ❖ At the School's request, DMS shall assist the School in developing and approving a fixed asset capitalization policy, clarifying what items constitute fixed assets for accounting purposes. The School shall implement and maintain an updated on-site physical inventory of fixed and non-capitalized assets based on the approved policy and shall provide appropriate reporting to DMS of such inventory in order to coordinate with Fiscal Services as described in this Scope of Services. DMS shall be responsible for maintaining the fixed asset register in the accounting system, computing depreciation and average life, and coordinating such fixed asset register with auditors during the School's annual audit.
- ❖ DMS shall assist in coordinating any competitive bidding activities, when applicable and if requested.

COMPLIANCE/REPORTING:

- ❖ At the School's request, DMS shall assist the School in preparing and submitting all state-required attendance reports, including but not limited to 20-day, P-1, P-2, and Annual ADA reports, from raw attendance data provided by the School. DMS shall have no responsibility for verifying the accuracy of raw attendance data as provided or for preparing weekly or monthly attendance summaries from the School's student information system.
- ❖ DMS shall assist the School as requested with submitting the Consolidated Application and Reporting System (CARS) reporting, federal Cash Management quarterly reporting, SB740 Facility Grant applications, special education maintenance of effort (MOE) reporting, Quarterly Benchmark Reporting under the Public Charter Schools Grant Program, ESSA per-pupil expenditure (PPE) reporting, new Public Charter Schools Grant Program applications for new charters within the School network following new charter approval, CALPADS data export from the School's student information system and corresponding submittal to the California Department of Education, and related state and federal program compliance and budget reporting. School shall be responsible for underlying CALPADS data entry into the School's Student Information System, LCAP creation (except for minimum proportionality percentage calculations and goal/service expenditure estimates or equivalent LCAP financially-related reporting, which DMS shall provide), SARC preparation (except for per-student expenses), and all State-mandated testing. School shall be responsible for forwarding any requests for information or submittals received from the California Department of Education (CDE), (or other agency, to which the School is required to provide a response), for which the School requests DMS's assistance in providing response for any financially-related portions, to DMS's offices immediately upon receipt.
- ❖ DMS shall act as advisor to the School regarding preparation of all Continuing Disclosure financial reporting related to outstanding bond issues of the School and shall assist the School in preparing and submitting completed reports to the Dissemination Agent or MSRB EMMA system, as requested by School.
- ❖ DMS is not responsible for preparation or submittal of federal and state income tax forms relating to the School's tax-exempt status, including but not limited to IRS Form 1023, IRS Form 990, FTB Form 3500, and FTB Form 199. These forms are generally handled by the School's attorney or independent auditor, respectively. DMS shall timely provide all financial information requested by the School, attorney, or independent auditor to timely complete these filings.

DMS and the School shall be jointly responsible for training of the School, its officials, and staff regarding the ministerial coordination required between DMS and the School. The School, its officials, staff, and parents agree to comply with and adhere to any licensing requirements of any and all software acquired and implemented by DMS on behalf of the School according to all terms and conditions of use for such software.