



PCHS Response to LAUSD-Charter Schools Division's Notice of Concern Dated August 31st, 2017

Please see below responses to all Notices of Concern (find all additional documentation provided in the folder in which this letter is included).

Filming Usage Notices of Concern

- 1) **Regarding Third Party Invoicing:** It has been PCHS's policy over the past five (5) years to add additional personnel on-site for all film productions as direct site supervisors/representatives. This additional personnel is required above and beyond the normally staffed personnel on site for civic center permit activity. These additional personnel costs have been passed along to the specific groups pulling the permits at the school. PCHS has added this term/cost into our License Agreements and invoiced the permitting organization accordingly. All payment is made directly to the third party. PCHS has had an agreement with LAUSD since 2004 that all civic center filming permits would be exclusively managed and financial dedicated to PCHS entirely. See letter attached.
- 2) **Regarding Discrepancy between General Ledger and Filming Revenue based upon Invoices:** There are several factors of this seeming discrepancy, the first of which is the incorrect coding in section 1 of permit activity on site. As described above, Site Representative Moneys (invoices SR##) are not collected by PCHS and will therefore not show up in the general ledger. Secondly, there are several incorrectly coded invoices in the table ranging from page 2-4 (numbers 29 & 30 for Fancy Feet; this is general facility usage, not filming). Thirdly, there are several invoices missing among this table. PCHS policy adopted in the 2014-2015 school year moved all filming invoicing to be coded with a FP#### invoice number. From the schools records for the 2015-2016 school year, FP1025 to FP1034 were issued. Several of these do not show up on in the table. For 2016-2017, FP1035 to FP1057 were issued. Several of these were not coded either. These reasons might explain the discrepancy between the General Ledger and the Filming revenue invoices listed on pages 2-4. While the general ledger does not record Filming revenue as a separate source of revenue, all permit revenue is segregated into one depository account and the Finance department reviews checks sent directly to them and advises the appropriate personnel who generated the related invoice(s) of the receipt for potential follow up regarding unpaid or payments which are made in amounts different form the original invoice.

Non-Filming Usage Notices of Concern

- 1) **Regarding Third Party Invoicing:** As stated above, when additional personnel are necessary for an event occurring on campus, this additional personnel cost is paid for by the permitting group and paid directly to the third party. Rates for these site representatives were not included in the rate structure sheet provided to the CSD. These rates range between \$25-\$45/HR and set based upon time of arrival (anything before or after normally operating hours, weekend time) and auxiliary skills needed (i.e. running scoreboards, lights, sound). These rates have varied over the past several years but at this point, the base rate of site representative for filming productions are set at \$40/HR and the base rate of site representatives for non-filming activity site is \$30/HR. Of all invoices sited in Table II from Appendix A, all rates are explained by the above except:

Row 5 & 6 – Invoices 344 & 353 – For Raw Inspirations Sunday Farmers' Market on campus, PCHS requires the company hosting the market to hire PCHS's third party security guards; that security company sets their own rates for personnel/security costs. For these two invoices, PCHS had been



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the intermediary between the Farmers' Market and PCHS's approved security company, Blue Nite, but since then the Farmer's Market has paid PCHS's designated security company directly.

Row 8 & 9 – FP1017 & FP1040 – These are invoices related to filming. FP1017 is a security deposit invoice and FP1040 is a site fee for \$840.00 for Subdue Photo Shoot. Neither invoice is paid to a third party.

2) **Regarding Mathematical Calculation Errors:** Table III from Appendix A

Row 1 - \$10.00 Discrepancy. Math error when adding security total.

Row 2 - \$300.00 Discrepancy. Billing difference between \$75/HR to \$65/HR. This was a negotiated difference based upon required usage.

Row 3 - \$250.00 Discrepancy. This was usage for a club baseball permit group and was negotiated down to a daily usage fee because reduced usage.

Row 4 - \$1320.00 Discrepancy. This is an error in the invoice for the start time on 2.26.17. Invoice reads a 4AM start time when this should read 4PM start time. That was the actual start time for the group. When adjusted to this start time, invoice is correct.

Row 5 - \$70.00 Discrepancy. This is a correction that needed to be made to the final invoice for an end time of 9PM, as opposed to the 9:30PM time reflected on the invoice. Invoice should have read 6AM-9PM which would have been in line with the 15 hours that were invoiced.

3) **Regarding Invoices Needing Additional Information for Verification:** Table on Page 5 of Notice of Concern

Row 1 – Pertinent information missing: Time of Usage: 5:30-7:00PM – 1.5 HRs per day, 7.5 Total HRs of usage

Row 2 – This was a negotiated flat rate fee for a small PSA production using the facility regarding water scarcity.

Row 3 – This was a flat rate negotiated fee for additional time and personnel paid directly to the school for a Reset Film Production using PCHS facilities.

4) **Regarding Invoices Indicating Pre-Payments:** Table IV from Appendix A

Row 1 – Invoice PCHS13 – Invoice shows a prepayment of \$1450.00. Invoice PCHS12 had been initially invoiced for this usage and then voided but not after money had been received. Invoice PCHS13 was a reissuing of invoice reflecting money received.

Row 2 – Invoice PCHS33 – Invoice shows no prepayments or credits. Total invoiced amount is \$2430.00

Row 3 – Invoice PCHS64 – Same as invoice PCHS13. Money collected prior to invoice date; invoice shows money received.



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Row 4 – Invoice PCHS565 - \$110.00 Credit. This was a refund for invoice PCHS565 for cancelled usage on January 11th, 2016. Time from 6-7pm was not available, 1 HR @ \$110/HR was refunded to AYSO and showed up on their following month's invoice of PCHS565.

Row 5 – Invoice PCHS581 - \$288.00 Credit. This was a refund for cancelled usage on February 17th, 2016 from 6-7:30pm on Baseball field (1.5 HRs @ \$83/HR - \$123 total) when field was closed due to rain as well as cancelled usage on February 29th, 2016 from 7-8:30pm on Football Field (1.5 HRs @ \$110/HR - \$165 total). Total credit is \$288.00

Row 6 – PCHS 594 - \$550.00 Credit. This was a refund for cancelled usage on January 9th, 2017 from 12-3pm in the large gym and January 10th from 1-3pm (5 HRs @ \$110/HR - \$550 total)

Row 7 – Invoice PCHS598 - \$220.00 Credit. This was a refund for cancelled usage on Sunday, March 16th, 2017 in the large gym from 1-3PM (2 HRS @ \$110.00).

Row 8 – Invoice PCHS663 - \$220.00 Credit. This was a refund for cancelled usage on April 28th on the football field from 7-9pm (2 HRs @ \$110.00 - \$220 total).

Row 9 – Invoice PCHS669 - \$110.00 Credit. This was a refund for cancelled usage 1 hour on the football field on July 20th, 2016 (1 HR @ \$110.00 - \$110 Total)

Row 10 – Invoice PCHS717 - \$332.00 Credit. SoCal Rays group overpaid by \$332.00 via check. This prepayment was reflected upon their following invoice

Row 11 – Invoice PCHS740 - \$166.00 Credit. This was a refund for cancelled usage on November 26th from 4-6pm on the baseball field (2HRS @ \$83/HR – Total \$166.00).

Row 12 – Invoice FP1045 - Invoice shows no prepayments or credits. Total invoiced amount is \$3500.00

Row 13 & 14 – Invoices PCHS760 & PCHS773 – Initially invoiced PCHS748 for in the amount of \$735.02. This invoice was voided due to corrections necessary due to cancellations via rain. Received payment (Check #433 in the amount of \$735.02). New invoices were issued of PCHS760 for total of \$353.50. Totally PCHS still owed to SoCal Rays was \$381.52 ($\$735.02 - \$353.50 = \381.52). This amount was then reflected on invoice PCHS773 in the amount of \$381.52.

Row 15 – Invoice PCHS774 –Initially invoice PCHS755 for the amount of \$2623.00 and received payment in full for invoice. Invoice PCHS755 was cancelled and reissued as PCHS774 for the amount of \$2107.50. Total credit owed was \$515.50 which is reflected on the invoice.

Row 16 – Invoice PCHS775 - \$440.00 Credit. Highlanders were credited for 4 hours of gyms usage at \$110.00 for cancellations on February 12th, 2017.

Row 17 – Invoice PCHS777 - \$454.50 Credit. Refund for cancelled time on 1.16.17, large gym from 6-9pm @ \$110/HR (\$330 Total) but added 1.15.17 from 4-5:30pm in the small gym @ \$83.Hr (\$124.50 Total). Net Refund is \$205.50. Also refund for cancelled usage on 1.22.17 from 4-7pm in the small gym @ \$83.00 (Total \$249.00). Total refund was \$454.50.

Row 18 – Invoice PCHS779 - \$166.00 Credit. Refund for cancelled gym time on February 21st, 2017 in the small gym from 6-8pm (2 HRs @ \$83/HR - \$166.00 Total)



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Row 19 – Invoice PCHS780 - \$330.00 Credit –Refund for cancelled gym time on January 26th, 2017 6-9pm in the large gym (3 HRs @ \$110/HR - \$330 Total).

5) **Regarding Rental Rates/Fees Not Aligning with License Agreement:** Table V from Appendix A

Row 1 – Invoice PCHS25 – This represents a billing error that should have been corrected.

Row 2 – Invoice FP1006 – There is no error on this invoice. The agreement states the total fee of usage at \$2960.00 which includes \$2000.00 for the site usage and \$960.00 for site representatives. Looking at Addendum A to that use agreement, these different usages are itemized. As mentioned before, site fees and site representative fees are billed separately.

Row 3 – Invoice PCHS449 – There is no error on this invoice as the mentioned discrepancy of rates reflects the rates that the permit group was being charged under their use agreement. The use agreement, signed September 25th, 2015 with effective dates of 1 August 2016 to 30 June 2016 would not have applied to this usage as the usage occurred in June 2015. Therefore the previous use agreement with the agreed upon rates of \$65/HR for the small gym and \$83/HR for the large gym were still in effect.

Row 4 & 6 – Invoices PCHS476 & PCHS509 – The discrepancy of price between the use agreement and invoices is explained via the signature date of September 25th, 2015. Although the contract effective dates are 1 August 2015 thru 30 June 2016, the agreement was not signed until the end of September (9.25.15). The previous two months of usage represented by invoices PCHS476 (August 2015) & PCHS 509 (September 2015), were invoiced at the prior agreed upon rates for the large gym (\$90/HR) and small gym (\$65/HR). The following month's invoice for October 2015 (PCHS494) reflects the changed rates (\$110/HR & \$83/HR). The License agreements effective dates should have been amended to reflect the execution date of the contract as the first effective date of the contract.

Row 5 – Invoice PCHS484 – Agreement should have reflected the added usage of the batting cages at the PCHS standard rate of \$50/HR. This usage should have been added as an addendum and signed by both parties.

Additional Concerns from the CSD

- 1) **Regarding License Agreements not fully executed:** Of the agreements given to the CSD, the missing signature was that of a designated member of the school (signature from interested party). Most of the copies of use agreements with 2-signatures were never digitalized and remained in hard copy form. In an attempt to give the CSD as comprehensive a report as possible and working on a very tight deadline, these agreements were overlooked. PCHS is currently adopting policy that will maintain records for civic center permits more closely with the request of the CSD so that reports can be given in a more timely and effective manner.
- 2) **Regarding Monitoring and Logging of Invoices:** PCHS policy has adapted and changed as our civic center permit revenue has grown and expanded, as such our invoicing has adapted as well. There currently is an order to invoicing:



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Invoices starting PCHS###: These invoices are created by our Event Management System (EMS) software and used for reoccurring permit usage by groups with long-term contracts with the school. Pricing for these invoices is set by the PCHS Rate Sheet.

Invoices starting FP###: These invoices are created by hand in excel and are for all filming and still photography productions on campus. Pricing for these invoices is set by the PCHS Rate Sheet.

Invoices starting SR###: These invoices are created by hand in excel and are for all site representative fees. These invoices are paid to third party personnel.

Invoices that are only numbers (###): These invoices are created by hand in excel and are for all "events" happening on campus that are single contract usage (could include multiple dates but under one License agreement). These do not include filming or photography productions on campus. Event types include parking, one-off facility usage, large event, etc.

Review of Table VI from Appendix A:

Row 1 & 2 – There is no error here as invoice 345 was only issued on 1.5.17 for the mentioned facility usage (see additional documents). The CSD might have believed an additional invoice was issued if they opened up the excel file titled "Invoice 2016." This is a stock invoice sheet that would have been used to create the invoice. The date of July 5th, 2017 would have been the day that the CSD opened the file. This date was well after all information had already been given to the CSD from PCHS.

Row 3 & 4 – There is an error in this table as the mentioned invoice for Certified Shooters dated 3.1.13 is PCHS17 not PCHS175. This invoice as not reissued twice so there is no discrepancy (see additional documents).

Row 5 & 6 - There is no error here as invoice 364 was only issued on 2.16.17 for the mentioned facility usage (see additional documents). The CSD might have believed an additional invoice was issued if they opened up the excel file titled "2.16.17 Catalyst." This is a stock invoice sheet that would have been used to create the invoice. The date of July 5th, 2017 would have been the day that the CSD opened the file. This date was well after all information had already been given to the CSD from PCHS.

Row 7 & 8 – Regarding the discrepancy between two invoices titled PCHS32. If you look at both invoices one is created by our EMS system and one was created via hand by excel (see additional documents). When EMS was first being used, the permits office had attempted to match the EMS invoice which have a designation of PCHS##. This led to some accounting errors with duplications (such as the one stated). This led to the policy of having events be invoiced as straight numbers.

Row 9 & 10 – Regarding the discrepancy between Invoice 124. These invoices were created by hand and there was an error in writing the second that the invoice number was not changed.

Review of Table VII from Appendix A:

Row 1 & 2 – Discrepancy between invoices 303 & 308 for duplicated invoiced usage. Invoice 303 was voided (and labelled as such) because the usage on 4.8.16 was cancelled. Invoice 308 replaced invoice 303 and invoiced only the usage on 5.6.16



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Row 3 & 4 – Discrepancy between invoices PCHS772 and PCHS788 for duplicated invoiced usage. Invoice PCHS772 was voided due to correction what were re-invoiced via PCHS788 hence the variance of \$437.50. Money was received from PCHS788 and not PCHS772.

Row 5 & 6 - Discrepancy between invoices PCHS630 and PCHS631 for duplicated invoiced usage. Invoice PCHS630 was voided and PCHS631 replaced it hence the discrepancy.

Row 7, 8 & 9 – Discrepancy between invoices PCHS75, 205, & 206 for duplicated invoiced usage. If you look at the invoices, invoice PCHS75 was issued via PCHS's EMS software while invoices 205 & 206 were both created by hand via excel. During this period, PCHS was trying to duplicate invoicing in the EMS software for event invoice that were invoiced separately. The goal was to try and do all accounting through the EMS software. Unfortunately this turned out to be futile as there were too many invoices that could not be duplicated in the EMS software so all accounting of invoices was done via excel invoice sheets. No money was ever collected off of PCHS75; this invoice was only used for accounting purposes.

Row 10 & 11 – Discrepancy between invoices 201 and PCHS35. Both invoices are incorrectly appropriated to the Los Angeles Volleyball Academy and should instead be listed as LABL (Los Angeles Baseball League). Please see information above regarding Row 7, 8 & 9 as this same issue applied. This practice of duplicating invoices has since been abandoned because of the confusion of duplicating invoiced usage.

- 3) **Regarding Missing Invoices or Agreements:** Once again, there is a possibility when congregating all the requested information, some use agreements or invoices were left out due to oversight. PCHS is attempting to maintain records more in line with the request of the CSD so that reports of this kind can be done quickly and with little error.
- 4) **Regarding Revenue Schedule Indicating Transfers Referred to as "Book Transfer Debit":** Book Transfer Debits relate to expenses incurred by PCHS's Operating Accounts (i.e. Payroll related expenditures) that are charged back to the Civic Center Permit Bank Account
- 5) **Regarding contradictions between "Alcohol and Smoke Free Facility" and Licensee agreement:**
 - a. Radical Media LLC's Heineken commercial on March 6, 2017: No PCHS school or license agreement policy was broken because of this facility usage (see agreement included). No likeness of the Heineken brand was filmed on campus nor any PCHS or LAUSD likeness, which is cited in Section A.8 of the signed PCHS license agreement, "Licensee may not use the name, image, trademark, or tradename of PCHS or the Los Angeles Unified School District ("LAUSD") in any medium associated with is use of the Facility." No additional approval was given by the School to do such. In addition, PCHS added extra language at the end of the License Agreement stating, "Licensee shall not photograph any scenes depicting nudity, drug use, and/or alcohol use while on the Facility or in the Facility Area." Based upon PCHS standard policy, this usage did not break any policy regarding PCHS designation as an "Alcohol or Smoke Free Facility." In fact, additional precautions were taken to preserve such.
 - b. Kehillat Israel's ("KI") usage of Mercer Hall on May 21st, 2016 and May 22, 2016: KI is a local synagogue directly across the street from PCHS that had requested usage of Mercer Hall for a celebration earmarking the end of their yearly fundraising efforts. KI had requested the usage of



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alcohol to be served on campus during this event. PCHS had initially said no to this request, but, due to changing rules on campus that relaxed some of the stipulations regarding alcohol usage, PCHS contacted both our lawyer(s) and insurance broker regarding what was necessary if PCHS were to allow alcohol usage on campus. The following stipulations needed to be met:

1. A special license/permit needed to be pulled from the Department of Alcoholic Beverage Control
2. Maximum of two (2) drinks could be served per person
3. Alcohol must be distributed via drink tickets and all tickets must say "Drink Responsibly" on them
4. A monitor must be in place to watch alcohol consumption

All four of these stipulations are written into the additional terms section of the contract for this facility usage and all four terms were met by the Licensee (signed use agreement included).

This usage was a test pilot for future possible usage of this kind. Due to the stringent nature of usage as well as the possibility of abuse, no additional usage of this kind has been allowed on PCHS facilities. PCHS policy currently is to deny all requests of this nature and there is no push to refrain from this policy.

- c. USC Men's Lacrosse Club usage of the Football field on March 4th, 2015. There is no conflict with this usage and a request for alcohol or drug usage on campus. No request of that sort was made.