



# Navigator Schools

## Board Meeting

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### Date and Time

Tuesday December 12, 2017 at 6:00 PM PST

### Location

Hollister Prep School, 881 Line Street, Suite 200, Hollister, CA 95023

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### Teleconference Locations

- 1065 Byers Street, Gilroy, CA 95020
- 1215 Talbryn Drive, Belmont, CA 94002
- 5858 Horton Street, Emeryville, CA 94608
- 83 Great Oaks Boulevard, San Jose, CA 95119
- 1827 Clifford Street, Santa Clara, CA 95050
- 277 IOOF Avenue, Gilroy, CA 95020
- 881 Line Street, Hollister, CA 95023

### Teleconference Instructions

- Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/462725304>
  - Join by telephone by dialing US: +1 408 638 0968 or +1 646 876 9923 or +1 669 900
  - Meeting ID: 462 725 304
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## Agenda

### I. Opening Items

## Opening Items

### A. Record Attendance and Guests

### B. Call the Meeting to Order

The meeting is called to order with opening remarks.

### C. Approve Minutes

Approve minutes for Board Meeting on October 24, 2017

## II. Standing Items

### A. Public Comment on Items not Covered on the Regular Agenda

### B. CEO Report

### C. Finance Report

## III. Topical Items

### Governance

### A. Audited Financial Statement 2016-17

The Board will consider approving 2016-17 audited financial statements for Navigator Schools.

### B. CEO Priorities

Kevin will present CEO priorities for 2017-18 for discussion.

### C. Principal Selection Process

The Board will consider approving a principal selection process for Navigator Schools.

### D. Budget Development 2018-19

The Board will consider approving the 2018-19 budget development process based on average salary increases in the range of 2 to 3.5 percent.

## IV. Closing Items

### A. Adjourn Meeting

# Coversheet

## Approve Minutes

**Section:** I. Opening Items  
**Item:** C. Approve Minutes  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for Board Meeting on October 24, 2017

APPROVED



## Navigator Schools

### Minutes

#### Board Meeting

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**Date and Time**

Tuesday October 24, 2017 at 5:30 PM

**Location**

Gilroy Prep School, 277 IOOF Avenue, Gilroy, CA 95020

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**Teleconference Locations**

- 881 Line Street, Suite 200, Hollister, CA 95023
- 1500 Epcot Resorts Blvd #3109, Orlando, FL 32830

**Teleconference (Zoom) Instructions**

- Zoom Meeting ID: 951 680 656
  - Dial by phone: 1 669 900 6833
  - Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/951680656>
- 

**Directors Present**

Alicia Gallegos Fambrini, Caitrin Wright, JP Anderson, John Glover (remote), Joyce Montgomery, Nora Crivello

**Directors Absent**

*None*

**Guests Present**

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Andrew Bray, Bryan Adams, Sean Martin

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## **I. Opening Items**

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

Caitrin Wright called a meeting of the board of directors of Navigator Schools to order on Tuesday Oct 24, 2017 at 5:31 PM.

### **B. Record Attendance and Guests**

Board members in attendance:

Caitlin Wright, Alicia Gallegos-Fambrini, Joyce Montgomery, Nora Crivello, JP Anderson, John Glover (web conference)

Staff in attendance (CEO, Directors, and Principals):

Kevin Sved (CEO), Benjamin Moeller, Kirsten Carr, Melissa Alatorre Alnas, James Dent, Sharon Waller, Heather Parsons

Translators: Alex Mijares (GPS), Rita Castaneda (HPS)

## **II. Closed Session**

### **A. Public Announcement of Reasons for Closed Session**

Caitrin explained that the reason for the closed session was to discuss the following topic(s): public employment, CEO evaluation.

### **B. Public Comments for Closed Session**

There were no public comments for the closed session.

### **C. Closed Session, Public Employment, Chief Executive Officer**

The closed session convened at 5:33 pm.

## **III. Reconvene Open Session**

### **A. Public Report of Action Taken in Closed Session**

The open session reconvened at 6:11. No actions were taken during the closed session.

### **B. Student SBAC Achievement Awards**

Students received awards in a public ceremony.

### **C. Opening Remarks from the Chair**

### **D.**

### **Consent Agenda**

Joyce moved that the school policies be removed from the consent agenda (the meeting minutes to remain).

Joyce Montgomery made a motion to Approve minutes on consent agenda.

Nora Crivello seconded the motion.

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

### **E. Public Comment on Items not Covered on the Regular Agenda**

There were no public comments concerning the regular agenda.

## **IV. CEO**

### **A. SBAC Results Report**

Nora praised the results and inquired as to the success of the Navi model as applied to partner-school RO Hardin (Hollister USD). John affirmed Nora's praise. He expressed interest in information related to the progress of ELs and EL reclassification. He also asked about student enrollment in middle school.

Caitrin was impressed by the success of the model in middle school. She expressed interest in the achievement levels of new students vs. returning students. She offered a suggestion that demographic background be presented, and she would like information about SWD students in the analysis.

### **B. CEO Report**

Kevin focused on Distance From Three (DF3) data. He also mentioned state dashboard performance and colors (growth and achievement status) which were exceptionally strong in many areas at both schools.

On a different subject, Kevin updated the board on CA High-Speed Rail, which is related to our facilities planning for GPS. The key year is now 2020 for this project in our region. Caitrin mentioned the importance of a facilities committee to be prepared for the future. John mentioned the importance of a detailed timeline as part of the plan.

Joyce mentioned the culture survey, specifically comparing and contrasting HPS and GPS. The principals addressed the topic. John suggested referencing the TNTP Survey. Joyce suggested that a survey question related to resources might be revised to improve clarity/accuracy. Alicia inquired as to Kevin's interpretation of the survey responses. Kevin reported high teacher retention rates at both schools. John observed that the scores are very high (positive) and have improved over the years. John shared that, contextually, these are good and solid scores. Caitrin also noticed the marked improvements and appreciated the hard work applied in this area. She also appreciated the inclusion of reports from all directors in the packet.

## V. Finance

### A. Finance Committee Report

Bryan Adams, financial consultant, provided an update on the financial narrative, including net income numbers, budgets, and projections.

## VI. Governance

### A. Governance Committee Report

Caitrin reviewed the last governance committee meeting, a key point being development (growth) of the board, preferably by the end of the school year. She also mentioned the importance of connecting with parents at all sites.

## VII. Other Business

### A. Mission Statement

Kevin summarized his memo on the topic. Melissa read the new, proposed mission statement. She reviewed the staff survey connected to the mission, which indicated strong buy-in by the staff. Alicia mentioned her interest in including a more explicit identification of targeted student groups. Kevin responded and explained how the green-lighting process reinforces our goal of serving FRL and EL students. John suggested alternative methods of preserving the intention (of the vision and mission). Alicia reiterated the importance of defining target student populations. Caitrin suggested that the values and beliefs might be listed to reinforce the definition of who Navigator Schools serve. Joyce is comfortable with a more general reference. Nora stated that she was in favor of the proposed mission and commended the work to create it. JP agreed. Alicia mentioned her expectations that we address the targeted population explicitly.

John Glover made a motion to Approve the proposed mission.

Joyce Montgomery seconded the motion.

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

### B. Charter Renewals

Kirsten summarized the charter development process. She highlighted the admission preference plan and solicited the board's feedback. John mentioned the complexity of determining student eligibility during the application phase. John suggested reaching out to KIPP Bay Area and Joyce suggested reaching out to ACE. John considered the importance of staff diversity, sibling enrollment, and children-of-staff enrollment. Caitrin explained how attendance-area stipulations can promote diversity. Caitrin asked a clarifying question regarding TK, and Kevin explained the inclusion of TK language in the proposed charter. Joyce expanded upon the explanation. John offered further thoughts on TK and charter development. Caitrin suggested clarifying language relating to number of terms.

Caitrin Wright made a motion to Approve recommendation as stated.  
John Glover seconded the motion.  
The board **VOTED** unanimously to approve the motion.

**C. Strategic Plan**

Kevin reviewed the strategic plan and its development.  
John Glover made a motion to Approve strategic plan.  
Nora Crivello seconded the motion.  
The board **VOTED** unanimously to approve the motion.

**D. Greenlighting, Presentation & Action**

Kirsten presented a review of the green-lighting tool. Caitrin solicited feedback from staff concerning the tool. John asked a question about key personnel and transitions during the process. Caitrin expressed interest in learning more about the definition of the phrase *viable fundraising strategy* (as featured in a slide during the presentation). Kirsten expanded upon key objectives and the evidence associated with them. Kevin reviewed key criteria, priorities, potential risks, and essential value of expansion with the aim of serving the needs of high-need students in new communities.

Nora and Alicia posed questions concerning the NS model in a district identified for expansion. Nora focused on implications of seasonal/migrant attendance. James and Sharon spoke of their experiences in the region and the development and success of the NS model. Caitrin reiterated the importance of community organizing. John explained the value of preparing a plan for state-level approval.

John listed three main concerns/priorities: a well-informed community via powerful communication strategies (existing school community); addition of a CBO; and substantial fund-raising commitments, especially during Year 0 or Year 0-1. Caitrin expanded upon the balance of needs between existing and expansion schools. Caitrin recognized and praised the progress and increased rigor of the green-lighting process, as did John.

Caitrin Wright made a motion to Approve green-lighting process as recommended.  
Alicia Gallegos Fambrini seconded the motion.  
The board **VOTED** unanimously to approve the motion.

**E. Board On Track**

This item was deferred to a later date by unanimous consent.

**F. Possible Board Approval of Resolution Regarding Executive Compensation**

Caitrin summarized the process heretofore regarding the contract and compensation. She explained that this would be a retroactive raise. The CEO salary will be raised by 4.7% retroactive to July 1, 2017.



Caitrin Wright made a motion to Approve executive compensation (with amended dates).

John Glover seconded the motion.

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

**G. Possible Board Approval of Updated Employment Contract for Chief Executive Officer**

Caitrin mentioned amendments of dates and salary figures for an at-will employment contract.

Nora Crivello made a motion to Approve contract the with amendments.

JP Anderson seconded the motion.

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

**VIII. Closing Items**

**A. Adjourn Meeting**

Caitrin Wright made a motion to adjourn the meeting.

Alicia Gallegos Fambrini seconded the motion.

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

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:13 PM.

Respectfully Submitted,

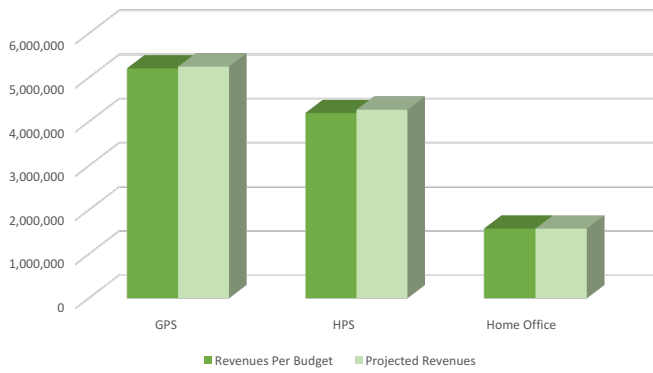
Sean Martin

# Coversheet

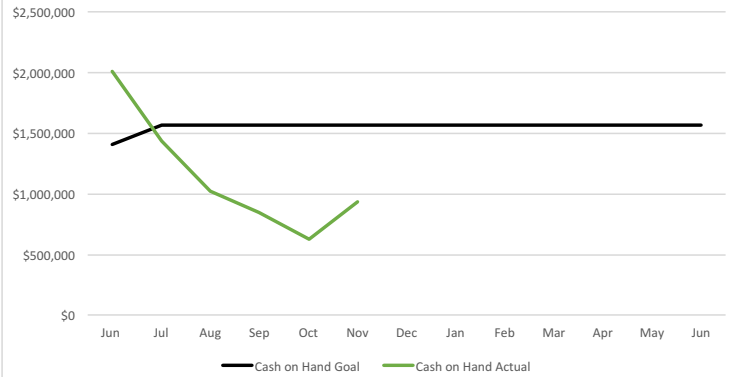
## Finance Report

**Section:** II. Standing Items  
**Item:** C. Finance Report  
**Purpose:** FYI  
**Submitted by:**  
**Related Material:** Financial Update 2017\_18.pdf  
Financial Results 2016\_17.pdf  
Finance Comm Minutes Draft Dec 5 2017.pdf

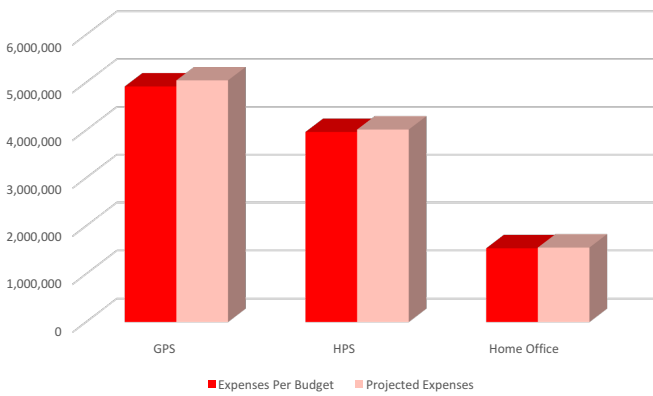
Revenue Report



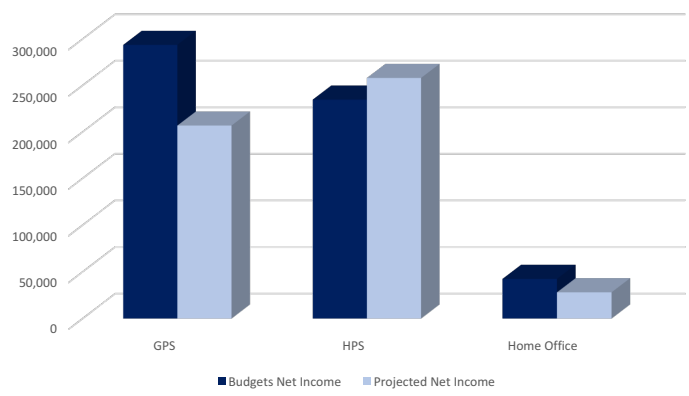
Cash Balance - Month End



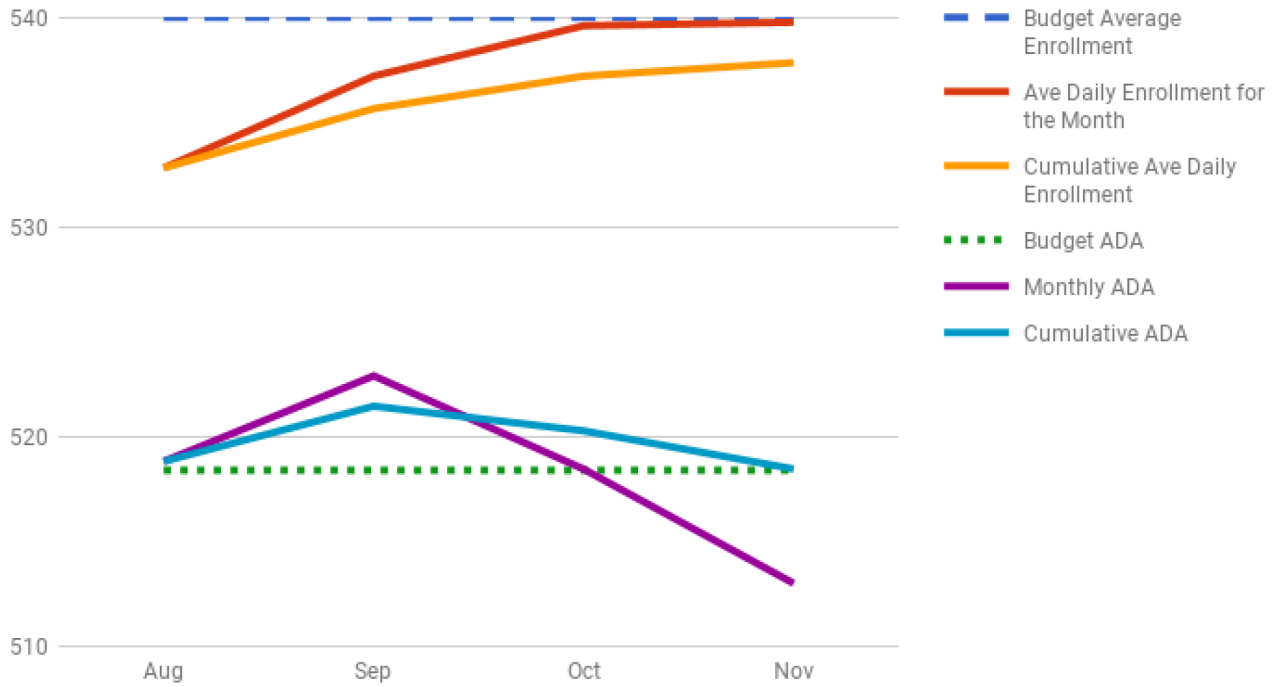
Expense Report



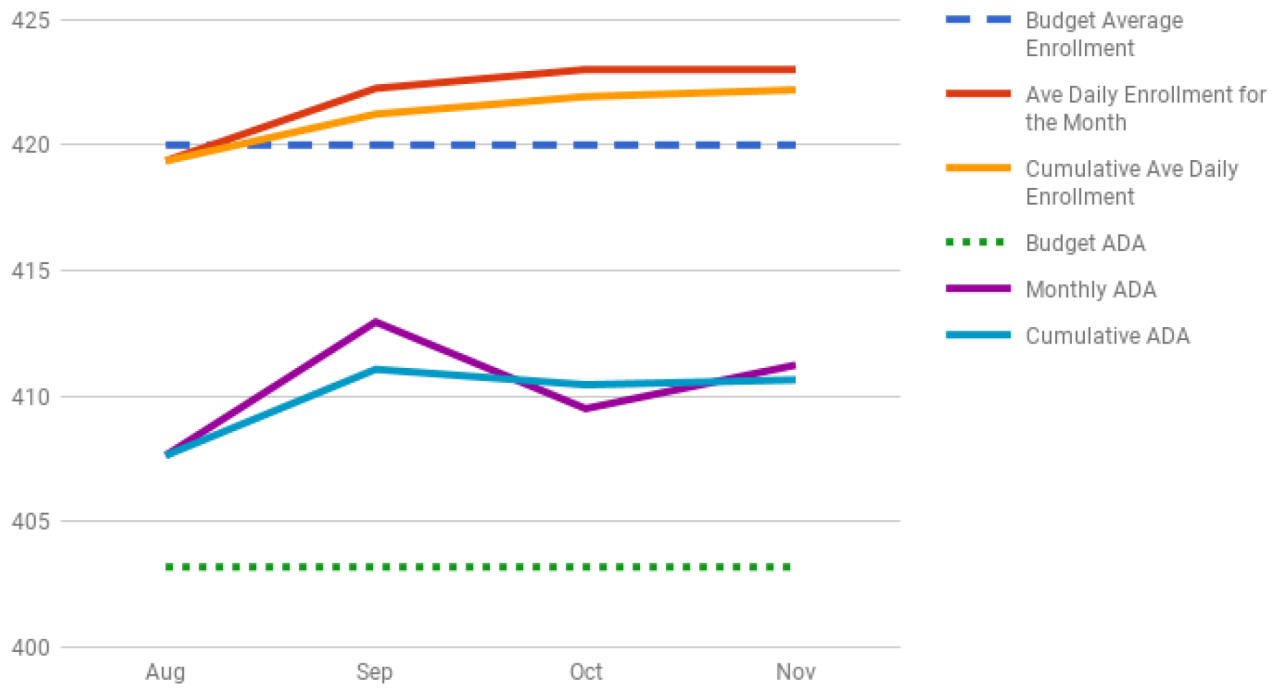
Net Income



### GPS Enrollment & Attendance Data



### HPS Enrollment & ADA Data



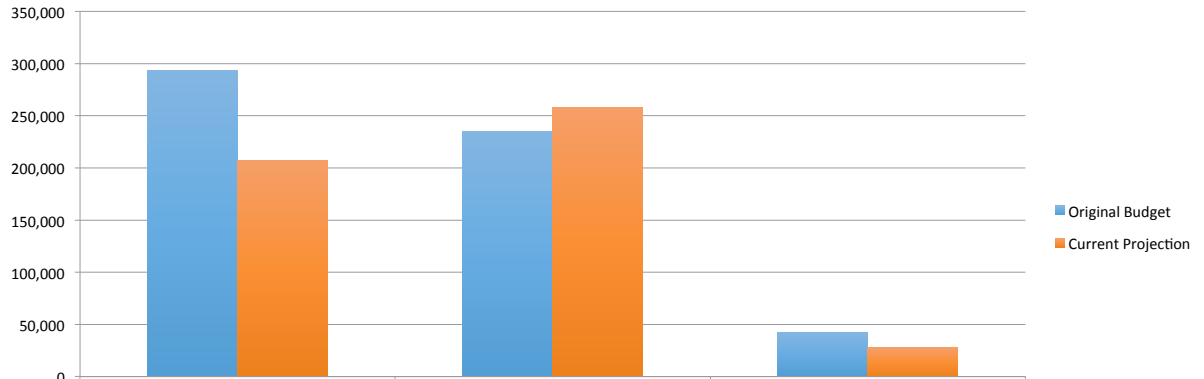
Navigator Schools - Financial Data  
December 2017

<u>Attendance and Enrollment Data</u>	<u>Total</u>	<u>GPS</u>	<u>HPS</u>
2017-18 ADA - Approved Budget	921.6	518.40	403.20
2017-18 Average ADA thru 11/30/17	929.1	518.46	410.65
2017-18 Average ADA % thru 11/30/17	96.8%	96.40%	97.27%
2017-18 Average Enrollment - Approved Budget	960.0	540.00	420.00
2017-18 Average Enrollment thru 11/30/17	960.0	537.84	422.19
Enrollment as of 11/30/17	962.0	539.00	423.00



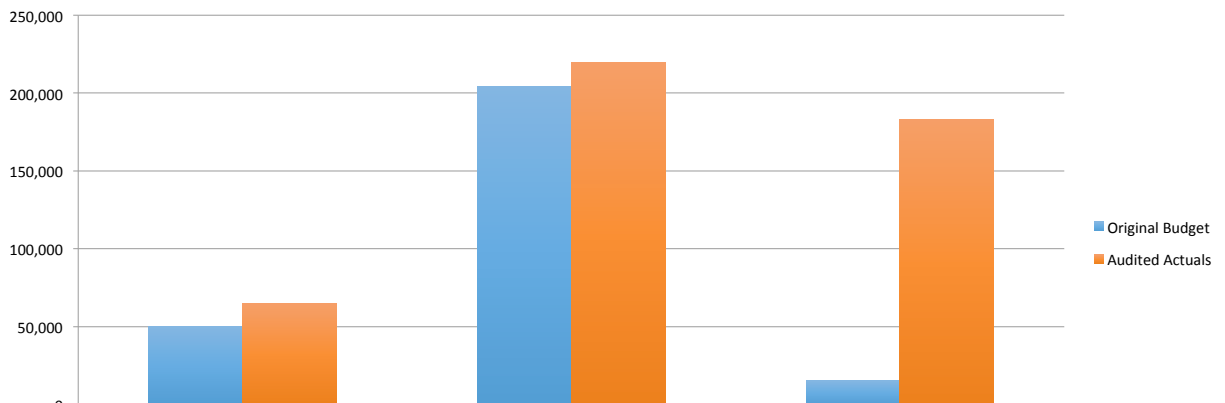
	<u>Actual</u>	<u>Goal</u>
Cash balance as of 11/30/17	936,264	1,508,700
Annual Budgeted Expenditures (not including CMO Mgmt Fees)	9,052,199	9,052,199
Number of Months Cash on Hand	1.24	2.00

### Navigator Schools 2017-18 Net Income



	GPS	HPS	CMO
Original Budget	293,720	234,798	42,459
Current Projection	206,832	258,070	28,092

### Navigator Schools 2016-17 Net Income



	GPS	HPS	CMO
Original Budget	50,056	204,248	15,278
Audited Actuals	64,960	219,481	183,301

## Navigator Schools

## Balance Sheet Comparison

	Actual 6/30/16	Actual 6/30/17	Actual 11/30/17
Cash	1,884,454	2,008,555	936,264
Accounts Receivable	767,909	1,126,497	205,267
Prepaid Expense	72,379	209,415	29,075
Fixed Assets, net of depreciation	188,935	312,895	312,895
<b>Total Assets</b>	<b>2,913,677</b>	<b>3,657,361</b>	<b>1,483,501</b>
Accrued Liabilities	319,149	657,592	341,738
CDE Loan Payable	125,000	62,500	52,010
<b>Total Liabilities</b>	<b>444,149</b>	<b>720,092</b>	<b>393,748</b>
Beginning Fund Balance	1,790,843	2,469,528	2,937,269
Net Income	678,685	467,741	-1,847,516
Ending Fund Balance	2,469,528	2,937,269	1,089,753
<b>Total Liabilities &amp; Fund Balance</b>	<b>2,913,677</b>	<b>3,657,361</b>	<b>1,483,501</b>



2017-18 Financial Report Narrative  
December 5, 2017

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2017-18 Net Income

	<u>Current Projection</u>	<u>Orig Bd Rpt</u>
CMO	\$28k	\$42k
Gilroy Prep	\$207k	\$294k
Hollister Prep	\$258k	\$235k
Total	\$493k	\$571k

- Gilroy Prep projected net income variance highlights

  - \$68k favorable variance from one-time mandated cost not budgeted.
  - \$100k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
  - \$200k unfavorable variance in salaries from staffing needs for an additional SPED paraprofessional and additional Teachers to meet staffing needs to cover Teacher absences and Maternity Leaves.
  - \$78k unfavorable variance for Books & Supplies from anticipated technology expenses that were budgeted for the 2016-17 year but, due to late arrival of product, had to be recorded in 2017-18 and for technology needs for the additional staff not originally budgeted for.
  
- Hollister Prep projected net income variance highlights

  - \$51k favorable variance from one-time mandated cost not budgeted.
  - \$50k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
  - \$85k unfavorable variance in salaries from staffing needs for additional Teachers in Training to meet staffing needs to cover multiple Teacher Maternity Leaves.



Navigator Schools - 2017-18 Latest Projection Comparison to 2016-17 Actuals  
December 2017

Income Statement - Combined <i>CMO/GPS/HPS</i>	2017-18 Original Budget	<b>2017-18 Latest Projection</b>	2016-17 Audited Actuals
Revenue	10,991,368	<b>11,105,332</b>	9,860,508
Expenses	10,420,391	<b>10,612,338</b>	9,392,768
<b>Net Income - GAAP basis (audit)</b>	570,977	<b>492,994</b>	467,741
Less Capital Outlay	<b>-157,550</b>	<b>-35,000</b>	<b>-190,113</b>
Revenue less expenses & capital outlay	413,427	<b>457,994</b>	277,628

	2017-18	<b>2017-18</b>	2016-17
Beginning Fund Balance	3,430,263	<b>2,937,269</b>	2,469,528
<b>Net Income - GAAP basis (audit)</b>	570,977	<b>492,994</b>	467,741
Ending Fund Balance	4,001,240	<b>3,430,263</b>	2,937,269

Revenues/Student *	9,939	<b>10,058</b>	10,254
Expenses/Student *	9,344	<b>9,544</b>	9,697
Fund Balance/Student at Year End	4,168	<b>3,573</b>	3,497

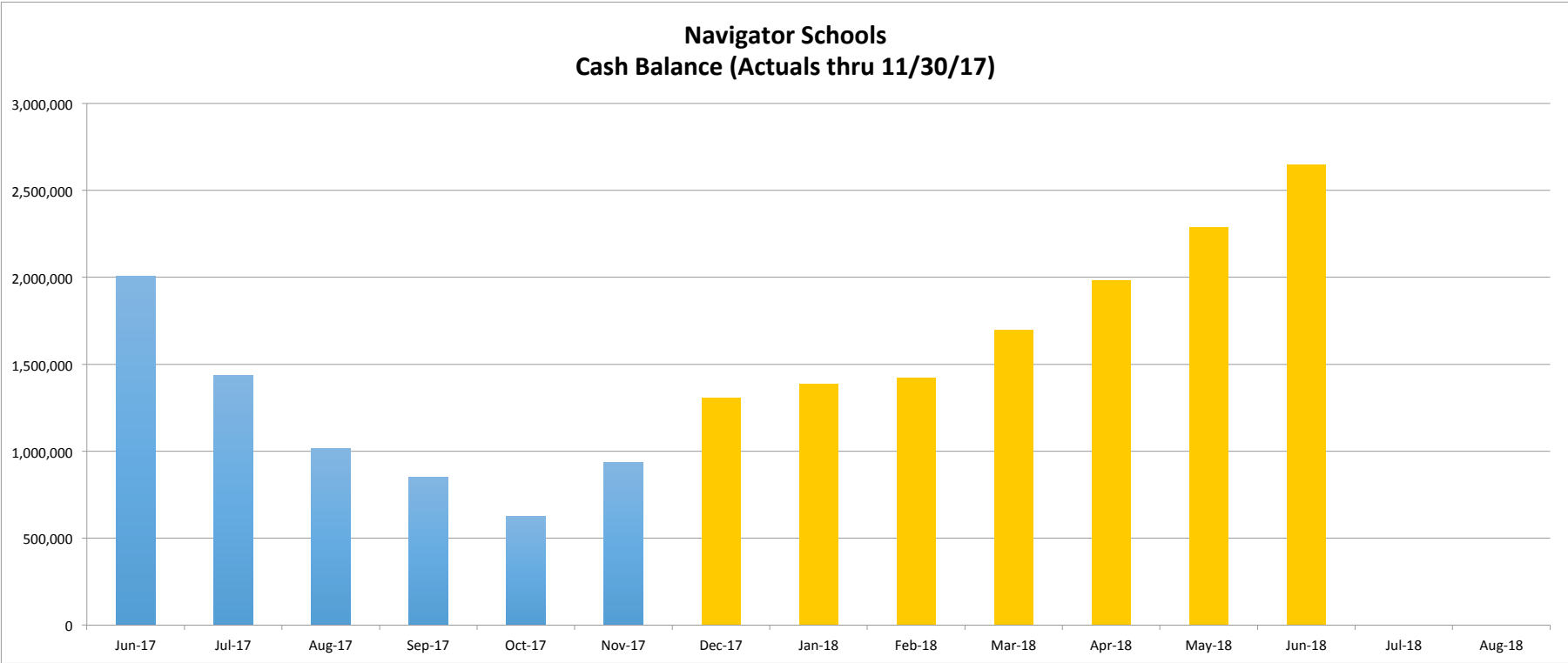
\* Revenues and Expenses per student do not include CMO Management Fee Revenue/Expense because that is an intercompany charge.

Navigator Schools - 2017-18 Budget vs. Projection

December 2017

**Summary Level**

	Total 2017-18 Original Budget	Total 2017-18 Current Projection	GPS 2017-18 Original Budget	GPS 2017-18 Current Projection	HPS 2017-18 Original Budget	HPS 2017-18 Current Projection	CMO 2017-18 Original Budget	CMO 2017-18 Current Projection
<i>Enrollment Projection</i>	960	960	540	540	420	420		
REVENUE:								
LCFF Revenue	8,055,232	8,055,232	4,377,511	4,377,511	3,677,721	3,677,721	0	0
Federal Revenue	403,203	427,853	270,757	293,961	132,446	133,892	0	0
Other State Revenue	771,475	872,567	441,906	469,748	329,569	402,819	0	0
Donations & Grants	156,885	157,585	16,885	17,585	10,000	10,000	130,000	130,000
Other Revenue	154,631	142,153	104,744	93,361	49,887	48,792	0	0
CMO Management Fees	1,449,942	1,449,942					1,449,942	1,449,942
REVENUE	10,991,368	11,105,332	5,211,803	5,252,166	4,199,623	4,273,224	1,579,942	1,579,942
EXPENDITURES:								
Salaries	5,166,066	5,456,244	2,301,008	2,501,864	1,831,375	1,916,879	1,033,683	1,037,501
Benefits & Taxes	1,368,284	1,368,284	639,244	639,244	529,291	529,291	199,749	199,749
Books & Supplies	829,728	935,800	485,740	564,700	290,216	312,100	53,772	59,000
Services & Other Operating Expense	1,380,571	1,350,068	553,777	516,574	576,515	577,894	250,279	255,600
CMO Management Fees	1,449,942	1,449,942	787,952	787,952	661,990	661,990		
Contingency Expenses	150,000	0	100,000	0	50,000	0	0	0
Capital Outlay	157,550	35,000	101,025	25,000	56,525	10,000	0	0
EXPENDITURES	10,502,141	10,595,338	4,968,746	5,035,334	3,995,912	4,008,154	1,537,483	1,551,850
REVENUE LESS EXPENDITURES	489,227	509,994	243,057	216,832	203,711	265,070	42,459	28,092
GAAP Adjustments:								
Revenue Less Expenditures	489,227	509,994	243,057	216,832	203,711	265,070	42,459	28,092
Add back Capita Outlay to Net income	157,550	35,000	101,025	25,000	56,525	10,000	0	0
Subtract Depreciation Expense	-75,800	-52,000	-50,362	-35,000	-25,438	-17,000	0	0
<b>Net Income - GAAP Basis 2017-18</b>	<b>570,977</b>	<b>492,994</b>	<b>293,720</b>	<b>206,832</b>	<b>234,798</b>	<b>258,070</b>	<b>42,459</b>	<b>28,092</b>
Beginning Net Assets @ 6/30/17 (latest projections)	3,136,443	2,937,269	1,642,303	1,478,654	1,324,788	1,306,504	169,352	152,111
<b>Net Income - GAAP Basis 2017-18</b>	<b>570,977</b>	<b>492,994</b>	<b>293,720</b>	<b>206,832</b>	<b>234,798</b>	<b>258,070</b>	<b>42,459</b>	<b>28,092</b>
Ending Net Assets @ 6/30/18	3,707,420	3,430,263	1,936,023	1,685,486	1,559,586	1,564,574	211,811	180,203





2016-17 Final Results Financial Narrative  
December 5, 2017

2016-17 Net Income

	<u>Unaudited Actuals</u>	<u>Orig Bd Rpt</u>
CMO	\$184k	\$ 15k
Gilroy Prep	\$ 65k	\$ 50k
Hollister Prep	<u>\$219k</u>	<u>\$205K</u>
Total	\$468k	\$270k

- The Unaudited Actuals net income of \$468k exceeds the original budget by \$198k. The net income variances from the original budget by entity are as follows:
  - CMO net income favorable variance of \$169k (\$184k less \$15k) is mainly the result of the following:
    - \$300k favorable variance in salary & benefits because
      - 1) The Director of Finance left in July and was not replaced.
      - 2) Two of the CMO employees' salaries were allocated directly to the schools.
    - \$35k unfavorable variance in supplies due mostly to technology equipment, plus some furniture & supplies bought for the move to the new CMO office.
    - \$108k unfavorable variance for unbudgeted consulting services from a combination of Tesselated (strategic plan) and Abacus (financial consultant).
  - Gilroy Prep net income favorable variance of \$15k (\$65k less \$50k) is mainly the result of the following:
    - \$17k unfavorable variance in revenue from various sources as follows:
      - \$71k unfavorable variance in LCFF revenue (based on attendance).
      - \$14k favorable variance in NCLB federal revenue.
      - \$17k favorable variance in federal nutrition revenue.
      - \$87k favorable variance for mandated cost reimbursement revenue not budgeted.
    - \$32k favorable in expenses mainly from the following:
      - \$63k favorable variance in CMO fees as a result of reducing percentage charged from 19.3% to 18%.
      - \$110k unfavorable variance in technology hardware and software.
      - \$52k unfavorable variance from depreciation expense not budgeted.
      - \$44k favorable variance in classroom books and supplies.
      - \$44k favorable variance in repairs & maintenance
      - \$43k favorable variance for miscellaneous G&A (Legal, Fees & Licenses, Dues & Memberships, Liability/Property Insurance)
  - Hollister Prep net income favorable variance of \$14k (\$219k-\$205k) is the result of the following:
    - \$165k favorable variance in revenue from various sources as follows:
      - \$109k unfavorable variance in LCFF revenue (based on attendance).

- \$169k favorable variance in Other State revenue for the one time mandated cost and Prop 39 revenue (neither was budgeted).
- \$110k favorable variance in donations.
- \$151k unfavorable in expenses mainly from the following:
  - \$64k favorable variance in CMO fees as a result of reducing percentage charged from 19.3% to 18%.
  - \$192k unfavorable variance in salaries and benefits
  - \$82k unfavorable variance in technology hardware and software.
  - \$14k unfavorable variance from depreciation expense not budgeted.
  - \$32k favorable variance in classroom books and supplies.
  - \$12k favorable variance in repairs & maintenance
  - \$31k favorable variance in education consulting
  - \$3k unfavorable variance for miscellaneous G&A

Navigator Schools - 2016-17 Final Results  
December 2017

Income Statement - Combined <i>CMO/GPS/HPS</i>	2016-17 Audited <u>Actuals</u>	2016-17 Original <u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Revenue	9,860,508	9,725,917	134,591
Expenses	9,392,768	9,456,335	63,567
<b>Net Income - GAAP basis (audit)</b>	<b>467,741</b>	<b>269,582</b>	<b>198,159</b>
Less Capital Outlay	<b>-190,113</b>	<b>-72,053</b>	<b>-118,060</b>
Revenue less expenses & capital outlay	277,628	197,529	80,099

Navigator Schools - 2016-17 Budget vs. Audited Actuals  
December 2017

Detail Level	GPS			HPS			CMO					
	Total Actuals	Total Budget	Variance Favorable (Unfavorable)	GPS Audited Actuals	GPS Budget	Variance Favorable (Unfavorable)	HPS Audited Actuals	HPS Budget	Variance Favorable (Unfavorable)	CMO Audited Actuals	CMO Budget	Variance Favorable (Unfavorable)
<b>REVENUE:</b>												
LCFF Revenue	6,937,894	7,118,383	-180,489	3,798,516	3,869,734	-71,218	3,139,378	3,248,649	-109,271	0	0	0
Federal Revenue	368,690	338,070	30,620	256,176	223,188	32,988	112,514	114,882	-2,368	0	0	0
Other State Revenue	946,519	757,608	188,911	473,175	453,208	19,967	473,344	304,400	168,944	0	0	0
Donations & Grants	227,644	0	227,644	7,175	0	7,175	110,469	0	110,469	110,000	0	110,000
Other Revenue	132,599	138,008	-5,409	80,287	85,708	-5,421	29,421	32,300	-2,879	22,891	20,000	2,891
CMO Management Fees	1,247,163	1,373,848	-126,685							1,247,163	1,373,848	-126,685
<b>REVENUE</b>	<b>9,860,508</b>	<b>9,725,917</b>	<b>134,591</b>	<b>4,615,329</b>	<b>4,631,838</b>	<b>-16,509</b>	<b>3,865,126</b>	<b>3,700,231</b>	<b>164,895</b>	<b>1,380,054</b>	<b>1,393,848</b>	<b>-13,794</b>
<b>EXPENDITURES:</b>												
Salaries	4,654,442	4,717,763	63,321	2,174,712	2,147,577	-27,135	1,725,633	1,555,996	-169,637	754,096	1,014,190	260,094
Benefits & Taxes	1,078,245	1,119,910	41,665	525,063	548,899	23,836	403,439	381,043	-22,396	149,743	189,968	40,225
Books & Supplies	1,131,367	1,084,065	-47,302	619,196	623,043	3,847	455,661	439,209	-16,452	56,510	21,813	-34,697
Services & Other Operating Expense	1,215,397	1,160,749	-54,648	495,316	515,404	20,088	483,677	492,746	9,069	236,404	152,599	-83,805
CMO Management Fees	1,247,163	1,373,848	126,685	683,733	746,859	63,126	563,430	626,989	63,559			
Capital Outlay	190,113	72,053	-118,060	85,961	29,353	-56,608	104,152	42,700	-61,452			0
<b>EXPENDITURES</b>	<b>9,516,728</b>	<b>9,528,388</b>	<b>11,661</b>	<b>4,583,981</b>	<b>4,611,135</b>	<b>27,154</b>	<b>3,735,993</b>	<b>3,538,683</b>	<b>-197,310</b>	<b>1,196,754</b>	<b>1,378,570</b>	<b>181,816</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>343,781</b>	<b>197,529</b>	<b>146,252</b>	<b>31,348</b>	<b>20,703</b>	<b>10,645</b>	<b>129,133</b>	<b>161,548</b>	<b>-32,415</b>	<b>183,301</b>	<b>15,278</b>	<b>168,023</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	343,781	197,529	146,252	31,348	20,703	10,645	129,133	161,548	-32,415	183,301	15,278	168,023
Add back Capital Outlay to Net income	190,113	72,053	118,060	85,961	29,353	56,608	104,152	42,700	61,452	0	0	0
Subtract Depreciation Expense	-66,153	0	-66,153	-52,349	0	-52,349	-13,804	0	-13,804	0	0	0
<b>Net Income - GAAP Basis 2016-17</b>	<b>467,741</b>	<b>269,582</b>	<b>198,159</b>	<b>64,960</b>	<b>50,056</b>	<b>14,904</b>	<b>219,481</b>	<b>204,248</b>	<b>15,233</b>	<b>183,301</b>	<b>15,278</b>	<b>168,023</b>
Beginning Net Assets @ 6/30/16	2,469,528			1,413,692			1,087,023			-31,187		
Net Income - GAAP Basis 2016-17	467,741			64,960			219,481			183,301		
Ending Net Assets @ 6/30/17	2,937,269			1,478,652			1,306,504			152,114		

DRAFT



## Navigator Schools

# Minutes

## Finance Committee

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### Date and Time

Tuesday December 5, 2017 at 5:00 PM

### Location

Navigator Schools Support Office, 650 San Benito Street, Suite 230, Hollister CA 95023

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### Teleconference Locations

- 83 Great Oaks Blvd., San Jose CA 95119
- 900 Island Drive, Redwood City CA 94065

### Teleconference Instructions

- Meeting ID: 748 165 415
- Dial by phone: US: +1 646 876 9923 or +1 669 900 6833 or +1 408 638 0968
- Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/748165415>

---

### Committee Members Present

J. Montgomery (remote), N. Crivello (remote)

### Committee Members Absent

C. Wright

### Committee Members Arrived Late

N. Crivello

### Guests Present

A. Ortiz, Bryan Adams, K. Sved, S. Martin

---

## I. Opening Items



## **A. Record Attendance and Guests**

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

J. Montgomery called a meeting of the Finance committee of Navigator Schools to order on Tuesday Dec 5, 2017 @ 5:01 PM at Navigator Schools Support Office, 650 San Benito Street, Suite 230, Hollister CA 95023.

### **C. Approve Minutes**

Joyce noted that the language in the closing motion as recored in BoardOnTrack during the last meeting may not be worded accurately (Nora made a motion to the floor rather than the committee chair to adjourn the meeting). Sean will rephrase.

## **II. Finance**

### **A. Review 2016-17 Financial Results**

1. The committee discussed the making of schedules for districts to provide payments to Navigator Schools to make the process more predictable and efficient.
2. Bryan presented financial narrative and reviewed forecasts.
3. The committee discussed CMO fees, adjustments, and updates.
4. Nora joined the meeting at 5:35 pm (she had notified the team of her delayed arrival ahead of time).

N. Crivello arrived late.

### **B. 2016-17 Audited Financial Statements**

1. Joyce asked clarifying questions specifically regarding expenditures, prepays, adjustments, and credits related to computers. Joyce requested confirmation as to whether this item is is not to be included in the audit report.
2. Joyce discussed page 8 of the audit and clarified understanding of language included there and suggested an update of policy.
3. Joyce has a question regarding Note 7. Kevin and Ami will respond with confirmation of status of this account.
4. The Board of Directors list (with terms) needs to be updated.
5. The committee discussed P2 numbers related to ADA.
6. Bryan noted that overall ADA is very high for both schools. Kevin noted that there appears to be an error in the ADA Totals for GPS. This will be corrected.

### **C. Review of 2017-18 Financials with Dashboard**

1. The committee reviewed ADA numbers and enrollment numbers. Kevin noted that these numbers need to be updated (see Students and Cash page). Joyce mentioned strategies for using Illuminate to report these numbers.
2. The committee discussed PENSEC deadlines. Ami mentioned that she is adding this task to her calendar.
3. The committee discussed contingencies, favorable and unfavorable variances, and leaves of absence.

4. Bryan explained chronology of technology orders and Kevin added clarifications.
5. The committee reviewed the cash graph and Joyce commended the inclusion of totals by month. Joyce suggested adding actual cash for December going forward (adding a line to the visual).
6. Nora asked for clarification regarding payments from counties. Bryan suggested developing payment schedules for the county.

### **III. Other Business**

#### **A. Review Remaining 2018-19 Budget Development Process and Timeline**

Kevin outlined the process for developing a draft budget to be brought to the board in March 2018. Kevin and Joyce discussed the possibility of a special board meeting to discuss the proposed budget (especially regarding compensation). Bryan and Joyce discussed strategies forecasting compensation increase rates. Kevin indicated that more planning is necessary and Joyce suggested additional strategies (floors and ceilings) relating to salaries. Nora suggested that March is an appropriate target date for presentation to the board. Nora discussed milestones, benchmarks, and triggers.

### **IV. Closing Items**

#### **A. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:03 PM.

Respectfully Submitted,  
S. Martin

# Coversheet

## Audited Financial Statement 2016-17

**Section:** III. Topical Items  
**Item:** A. Audited Financial Statement 2016-17  
**Purpose:** Vote  
**Submitted by:** Kevin Sved  
**Related Material:** 1 NS Required Communications.pdf  
2 NS Finance Audit 2016\_17.pdf

### BACKGROUND:

Charter schools are required to have annual audits conducted by qualified independent certified public accountants to be submitted to sponsoring districts by December 15, 2017. The audit was completed and the draft was reviewed by the Finance Committee on December 5, 2017. The final attached document addresses the feedback provided by the finance committee.

### RECOMMENDATION:

It is recommended that the Board approve the 2016-17 audited financial statements.



CliftonLarsonAllen LLP  
CLAconnect.com

November 30, 2017

Board of Directors  
Navigator Schools  
Hollister, CA

We have audited the financial statements of Navigator Schools (Navigator) for the year ended June 30, 2017, and have issued our reports thereon dated November 30, 2017, respectively. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance reporting*, published by the Education Audit Appeals Panel, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you March 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Navigator are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies has not changed during the year ended June 30, 2017. We noted no transactions entered into by Navigator during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop estimates in determining that they are reasonable in relation to the financial statements taken as a whole. A schedule of the major accounting estimates is attached to this letter.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures. The financial statement disclosures are neutral, consistent, and clear.

Board of Directors  
Navigator Schools  
Page 2

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See Exhibit B.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 30, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Navigator's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Navigator's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Board of Directors  
Navigator Schools  
Page 3

### **Other Matters**

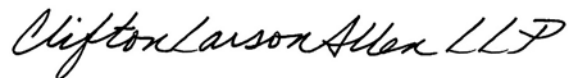
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Navigator.

This information is intended solely for the use of the Board of Directors, management and others within Navigator and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**  
Glendora, CA

**Exhibit A***Summary of Significant Accounting Estimates*

Accounting estimates are an integral part of the preparation of the financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in Navigator's June 30, 2017 financial statements:

<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusions on Reasonableness of Estimate</b>
Valuation of receivables	Navigator does not record an allowance for doubtful accounts.	Management believes receivables are collectible since most are from governmental units. However, management reviews individual receivable balances at year end to evaluate the appropriate allowance, if any.	We reviewed management's estimate noting the method and assumptions were reasonable and in accordance with generally accepted accounting principles (GAAP) requirements.
Fixed assets and depreciation	Navigator depreciates fixed assets on a straight-line basis over the estimated useful lives of the assets.	Management reviews fixed asset listing and estimates useful life based on industry norms. Any impairment of fixed assets is identified on an annual basis.	We reviewed management's estimate noting the method and assumptions were reasonable and in accordance with generally accepted accounting principles (GAAP) requirements.
Allocation of functional expenses	The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimates.	Throughout the year management codes certain expenses based on a functional classification. For other expenses, management allocates the expenses by a method that best measures the relative degree of benefit.	We reviewed management's estimate noting the method and assumptions were reasonable, consistent with prior years, and in accordance with applicable GAAP requirements.

**NAVIGATOR SCHOOLS**

**Operating:**

**Gilroy Prep  
Hollister Prep**

**Independent Auditor's Report  
and Financial Statements  
For the Year Ended  
June 30, 2017**



**NAVIGATOR SCHOOLS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Navigator Schools  
Gilroy, CA

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

We have audited the accompanying financial statements of Navigator Schools (Navigator), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Board of Directors  
Navigator Schools

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of Navigator as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on Navigator's financial statements as a whole. The columns by location presented in the statements of financial position, activities and cash flows and the accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2017 on our consideration of Navigator's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Navigator's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Navigator's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, CA

November 30, 2017

## NAVIGATOR SCHOOLS

STATEMENT OF FINANCIAL POSITION  
June 30, 2017

	<u>CMO</u>	<u>Gilroy Prep</u>	<u>Hollister Prep</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 171,994	\$ 1,181,041	\$ 656,574	\$ 2,009,609
Accounts receivable	-	395,974	730,523	1,126,497
Prepaid expenses and other assets	24,811	109,605	74,999	209,415
Total current assets	<u>196,805</u>	<u>1,686,620</u>	<u>1,462,096</u>	<u>3,345,521</u>
<b>LONG-TERM ASSETS:</b>				
Property, plant and equipment, net	-	193,535	119,362	312,897
Total long-term assets	-	193,535	119,362	312,897
Total assets	<u>\$ 196,805</u>	<u>\$ 1,880,155</u>	<u>\$ 1,581,458</u>	<u>\$ 3,658,418</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 44,690	\$ 401,503	\$ 212,456	\$ 658,649
Long-term debt, current portion	-	-	62,500	62,500
Total current liabilities	<u>44,690</u>	<u>401,503</u>	<u>274,956</u>	<u>721,149</u>
<b>NET ASSETS:</b>				
Unrestricted	152,115	1,460,302	1,254,709	2,867,126
Temporarily restricted net assets	-	18,350	51,793	70,143
Total net assets	<u>152,115</u>	<u>1,478,652</u>	<u>1,306,502</u>	<u>2,937,269</u>
Total liabilities and net assets	<u>\$ 196,805</u>	<u>\$ 1,880,155</u>	<u>\$ 1,581,458</u>	<u>\$ 3,658,418</u>

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

**NAVIGATOR SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

	<u>CMO Unrestricted</u>	<u>Gilroy Prep Unrestricted</u>	<u>Gilroy Prep Temporarily Restricted</u>	<u>Hollister Prep Unrestricted</u>	<u>Hollister Prep Temporarily Restricted</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES:</b>							
State revenue:							
State aid	\$ -	\$ 1,361,499	\$ -	\$ 2,467,495	\$ -	\$ -	\$ 3,828,994
Other state revenue	-	438,326	34,848	317,399	155,945	-	946,518
Federal revenue:							
Grants and entitlements	-	256,176	-	112,514	-	-	368,690
Local revenue:							
In-lieu property tax revenue	-	2,437,017	-	671,883	-	-	3,108,900
Contributions	110,000	7,175	-	110,469	-	-	227,644
Investment income	393	-	-	-	-	-	393
Other revenue	1,269,663	80,287	-	29,420	-	(1,247,163)	132,207
Amount released from restrictions	-	85,961	(85,961)	104,152	(104,152)	-	-
Total revenues and amounts released	<u>1,380,056</u>	<u>4,666,441</u>	<u>(51,113)</u>	<u>3,813,332</u>	<u>51,793</u>	<u>(1,247,163)</u>	<u>8,613,346</u>
<b>EXPENSES:</b>							
Program services	66,866	3,628,568	-	2,881,506	-	-	6,576,940
Management and general	1,129,888	921,800	-	764,140	-	(1,247,163)	1,568,665
Total expenses	<u>1,196,754</u>	<u>4,550,368</u>	<u>-</u>	<u>3,645,646</u>	<u>-</u>	<u>(1,247,163)</u>	<u>8,145,605</u>
Change in net assets	183,302	116,073	(51,113)	167,686	51,793	-	467,741
Beginning net assets	<u>(31,187)</u>	<u>1,344,229</u>	<u>69,463</u>	<u>1,087,023</u>	<u>-</u>	<u>-</u>	<u>2,469,528</u>
Ending net assets	<u>\$ 152,115</u>	<u>\$ 1,460,302</u>	<u>\$ 18,350</u>	<u>\$ 1,254,709</u>	<u>\$ 51,793</u>	<u>\$ -</u>	<u>\$ 2,937,269</u>

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

## NAVIGATOR SCHOOLS

### STATEMENT OF CASH FLOWS For the Year Ended June 30, 2017

	<u>CMO</u>	<u>Gilroy Prep</u>	<u>Hollister Prep</u>	<u>Total</u>
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>				
Change in net assets	\$ 183,302	\$ 64,960	\$ 219,479	\$ 467,741
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation	-	52,349	13,804	66,153
Change in operating assets:				
Accounts receivable	-	(113,562)	(245,025)	(358,587)
Prepaid expenses and other assets	(14,471)	155,498	166,614	307,641
Change in operating liabilities:				
Accounts payable and accrued liabilities	1,742	23,863	(130,784)	(105,179)
Net cash flows from operating activities	<u>170,573</u>	<u>183,108</u>	<u>24,088</u>	<u>377,769</u>
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>				
Purchases of property, plant and equipment	-	(85,962)	(104,152)	(190,114)
Net cash from investing activities	<u>-</u>	<u>(85,962)</u>	<u>(104,152)</u>	<u>(190,114)</u>
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>				
Repayments of debt	-	-	(62,500)	(62,500)
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>(62,500)</u>	<u>(62,500)</u>
Net change in cash and cash equivalents	170,573	97,146	(142,564)	125,155
Cash and cash equivalents at the beginning of the year	<u>1,421</u>	<u>1,083,895</u>	<u>799,138</u>	<u>1,884,454</u>
Cash and cash equivalents at the end of the year	<u>\$ 171,994</u>	<u>\$ 1,181,041</u>	<u>\$ 656,574</u>	<u>\$ 2,009,609</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ 398</u>

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

## NAVIGATOR SCHOOLS

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2017

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries and wages	\$ 3,743,604	\$ 910,838	\$ 4,654,442
Pension expense	331,185	40,041	371,226
Other employee benefits	435,241	79,480	514,721
Payroll taxes	159,758	32,538	192,296
Management fees	-	180,335	180,335
Legal expenses	-	10,070	10,070
Accounting expenses	-	13,095	13,095
Other fees for services	132,573	166,003	298,576
Advertising and promotion expenses	750	691	1,441
Office expenses	278,037	14,655	292,692
Printing and postage expenses	5,090	3,848	8,938
Information technology expenses	10,780	-	10,780
Occupancy expenses	148,833	25,160	173,993
Travel expenses	117,596	34,691	152,287
Interest expense	-	247	247
Depreciation expense	66,153	-	66,153
Insurance expense	-	34,634	34,634
Instructional materials	1,100,316	-	1,100,316
Other expenses	47,024	21,939	68,963
	<u>\$ 6,576,940</u>	<u>\$ 1,568,665</u>	<u>\$ 8,145,605</u>

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

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

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

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

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

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

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

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

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

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

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

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



## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

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

**Receivables** – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

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

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

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

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

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

**Evaluation of Subsequent Events** – Navigator has evaluated subsequent events through November 30, 2017, the date these financial statements were available to be issued.

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 2: CONCENTRATION OF CREDIT RISK**

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

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

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. Navigator capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense was \$66,153 for the year ended June 30, 2017.

The components of property, plant and equipment as of June 30, 2017 are as follows:

	<b><u>Gilroy Prep</u></b>	<b><u>Hollister Prep</u></b>
Land improvements	\$ 141,935	\$ 17,744
Equipment	<u>208,527</u>	<u>125,516</u>
Subtotal	350,462	143,260
Less: Accumulated depreciation	<u>(156,927)</u>	<u>(23,898)</u>
Total	<b><u>\$ 193,535</u></b>	<b><u>\$ 119,362</u></b>

#### **NOTE 4: LONG-TERM DEBT**

##### **California Department of Education**

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

The loan repayment by year is as follows:

Year Ended	
June 30,	
2018	\$ 62,500
Total	<b><u>\$ 62,500</u></b>

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

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

Navigator (Gilroy Prep) signed a facility use agreement with the Gilroy Unified School District. The agreement carries a term that coincides with Navigator's charter. The agreement does not require Navigator to pay a lease amount for the use of the property, but instead Navigator pays a supervisory oversight fees at 3% of Navigator's general purpose entitlement and categorical block grants. The supervisory oversight fees recorded for the year ended June 30, 2016 were \$86,350.

Navigator (Hollister Prep) signed a facility agreement with Hollister Unified School District starting July 1, 2013 which requires Navigator to pay 3% of Hollister Prep School's general purpose entitlement and categorical block grants for the property. The supervisory oversight fees recorded for the year ended June 30, 2016 were \$93,985.

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

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

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

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

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

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

The Navigator contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total plan net assets are \$189 billion, the total actuarial present value of accumulated plan benefits is \$333 billion, contributions from all employers totaled \$3.4 billion, and the plan is 63.7% funded. The Navigator did not contribute more than 5% of the total contributions to the plan.

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

## NAVIGATOR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

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

##### **Funding Policy**

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The Navigator is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

Year Ended June 30,	Required Contribution	Percent Contributed
2015	\$ 188,042	100%
2016	\$ 265,382	100%
2017	\$ 371,226	100%

#### **NOTE 7: CHARTER MANAGEMENT ORGANIZATION**

Navigator charges CMO fees to each charter for management services performed during the year. Navigator (Gilroy Prep) paid CMO fees of \$683,733 for the year ended June 30, 2017. Navigator (Hollister Prep) paid CMO fees of \$563,430 for the year ended June 30, 2017. These fees were eliminated in the financial statements.

#### **NOTE 8: CONTINGENCIES**

Navigator has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes that any required reimbursement would not be material.

**SUPPLEMENTARY INFORMATION**

## **NAVIGATOR SCHOOLS**

### **LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE For the Year Ended June 30, 2017**

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

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

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

Gilroy Prep charter school number authorized by the State: 1278

Hollister Prep charter school number authorized by the State: 1507

**NAVIGATOR SCHOOLS**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued)  
For the Year Ended June 30, 2017**

The Board of Directors and the Administrator as of the year ended June 30, 2017 were as follows:

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires (2 year term)</u></b>
Caitrin Wright	Chair	June 2018
Alicia Gallegos-Fambrini	Secretary	June 2018
Joyce Montgomery	Treasurer	April 2018
JP Anderson	Member	June 2018
John Glover	Member	June 2018
Nora Crivello	Member	June 2018

**ADMINISTRATOR**

Kevin Sved	Chief Executive Officer
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## NAVIGATOR SCHOOLS

### SCHEDULE OF INSTRUCTIONAL TIME For the Year Ended June 30, 2017

	<u>Instructional Minutes</u>		Traditional	<u>Status</u>
	<u>Requirement</u>	<u>Actual</u>	<u>Days</u>	
<b>Gilroy Prep:</b>				
Kindergarten	36,000	54,650	180	In compliance
Grade 1	50,400	59,450	180	In compliance
Grade 2	50,400	59,450	180	In compliance
Grade 3	50,400	59,450	180	In compliance
Grade 4	54,000	59,450	180	In compliance
Grade 5	54,000	59,450	180	In compliance
Grade 6	54,000	60,550	180	In compliance
Grade 7	54,000	60,550	180	In compliance
<b>Hollister Prep:</b>				
Kindergarten	36,000	56,115	179	In compliance
Grade 1	50,400	58,390	179	In compliance
Grade 2	50,400	58,390	179	In compliance
Grade 3	50,400	58,390	179	In compliance
Grade 4	50,400	58,390	179	In compliance
Grade 5	50,400	58,390	179	In compliance

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



**NAVIGATOR SCHOOLS**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2017**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<b>Classroom</b>		<b>Classroom</b>	
	<u>Based</u>	<u>Total</u>	<u>Based</u>	<u>Total</u>
<b>Gilroy Prep:</b>				
TK/K-3	230.19	230.19	230.16	230.16
Grades 4-6	171.29	171.29	171.54	171.54
Grade 7	57.26	57.26	57.33	57.33
ADA Totals	<u>458.74</u>	<u>458.74</u>	<u>459.03</u>	<u>459.03</u>
<b>Hollister Prep:</b>				
TK/K-3	229.20	229.20	229.58	229.58
Grades 4-6	117.26	117.26	117.48	117.48
ADA Totals	<u>346.46</u>	<u>346.46</u>	<u>347.06</u>	<u>347.06</u>

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

**NAVIGATOR SCHOOLS**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

	<u><b>Gilroy Prep</b></u>	<u><b>Hollister Prep</b></u>	<u><b>Total</b></u>
June 30, 2017 Annual Financial Report			
Fund Balances (Net Assets)	\$ 1,652,115	\$ 1,324,789	\$2,976,904
Adjustments and Reclassifications:			
Increasing (Decreasing) the Fund Balance (Net Assets):			
Cash and cash equivalents	6,903	21,226	28,129
Accounts receivable	2,791	1,478	4,269
Accounts payable and accrued liabilities	<u>(183,157)</u>	<u>(40,991)</u>	<u>(224,148)</u>
Net Adjustments and Reclassifications	<u>(173,463)</u>	<u>(18,287)</u>	<u>(191,750)</u>
June 30, 2017 Audited Financial Statement			
Fund Balances (Net Assets)	<u><u>\$ 1,478,652</u></u>	<u><u>\$ 1,306,502</u></u>	<u><u>\$2,785,154</u></u>

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

## **NAVIGATOR SCHOOLS**

### **NOTES TO THE SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017**

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

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

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

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

Average daily attendance is a measurement of the number of pupils attending classes of Navigator. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

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

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



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

Board of Directors  
Navigator Schools  
Gilroy, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Navigator Schools (Navigator), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 30, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Navigator's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Navigator's internal control. Accordingly, we do not express an opinion on the effectiveness of Navigator's internal control.

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Navigator's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Glendora, CA

November 30, 2017



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

Board of Directors  
 Navigator Schools  
 Gilroy, CA

We have audited Navigator Schools’ (Navigator) compliance with the types of compliance requirements described in the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2017. Navigator’s State compliance requirements are identified in the table below.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on Navigator’s compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about Navigator’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of Navigator’s compliance.

**Compliance Requirements Tested**

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

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



## INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

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

### Opinion on State Compliance

In our opinion, Navigator complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

### Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, CA

November 30, 2017

**NAVIGATOR SCHOOLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements or state awards for the year ended June 30, 2017.



## NAVIGATOR SCHOOLS

### STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2017

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

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

**Criteria:**

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

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

**Condition:**

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

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

**Effect:**

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

**Cause:**

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

**NAVIGATOR SCHOOLS**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

**Questioned Costs & Units:**

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

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

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

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

**Recommendation:**

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

**Status:** Implemented.

# Coversheet

## CEO Priorities

**Section:** III. Topical Items  
**Item:** B. CEO Priorities  
**Purpose:** Discuss  
**Submitted by:** Kevin Sved  
**Related Material:** CEO Priorities 2017\_18.docx.pdf

**BACKGROUND:**

The Board has directed the CEO to share annual priorities to support performance management and the CEO evaluation process.

**RECOMMENDATION:**

The Board is advised to discuss the priorities with the goal of generating feedback and developing shared understanding.



### CEO Priorities 2017-18

Organizational Priorities

- A. Build on and codify the existing academic excellence in schools.
- B. Create excellent, sustainable organizational health through strong systems, processes and procedures, and culture.
- C. Lead a thoughtful growth initiative

CEO Priority	Organizational Priority
1. Secure Charter Renewals for Gilroy Prep and Hollister Prep	<b>B</b>
2. Build trust with staff, particularly with SO leadership team and cross-site educational leadership team.	<b>A &amp; B</b>
3. Implement an effective performance management system to hold direct reports accountable in a supportive manner that drives improved performance. <ul style="list-style-type: none"> <li>a. NS Academic Model substantially codified to withstand State Board appeals process by March 1, 2018</li> <li>b. Ensure hiring and training systems are in place for all instructional staff, starting with principals, vice principals, academic deans.</li> </ul>	<b>A &amp; B</b>
4. Secure charter petition approval for Watsonville Prep School.	<b>C</b>
5. Staff the Board of Directors at high level of excellence. <ul style="list-style-type: none"> <li>a. Add a Board Member who has the potential to be a meaningful contributor to the Growth Initiative.</li> <li>b. High quality Board Materials will be provided to Board a timely basis prior to meetings.</li> <li>c. Staff support for Board and Committee work will meet or exceed Board member expectations.</li> </ul>	<b>B &amp; C</b>
6. Meet the 2017-18 fundraising goal for the Support Office.	<b>B</b>

# Coversheet

## Principal Selection Process

**Section:** III. Topical Items  
**Item:** C. Principal Selection Process  
**Purpose:** Vote  
**Submitted by:** Kevin Sved  
**Related Material:** Principal Selection Process.pdf

### BACKGROUND:

As Navigator Schools plans for growth in the near future, we recognize the importance for implementing a clear and thorough Principal selection process. The selection process focuses primarily on qualified, committed internal candidates who have demonstrated leadership. We are focussing on internal candidates because (1.) It is important for a Navigator principal to have a deep understanding of our culture and have experience working within the Navigator model. (2.) We value our existing employees who have contributed to our success. (3.) We are committed to leadership development and growth opportunities for all staff. (4.) We have implemented a structured leadership development program that is developing our leadership pipeline. A leadership panel participates in the process in the following ways: (1.) The panel completes a selection matrix for each candidate. (2.) The panel reviews matrix results with candidates. (3.) The panel discusses Navigator's 5 Compass Points with candidates, including leadership values and the principal development program. (4.) The panel creates an action/support plan with the candidates. (5.) The panel forwards formal recommendation of candidate/s to the CEO. The final step in the process is CEO approval. For further detail, please see attached Principal Selection Process document. The process also includes a secondary external principal selection process to be used if there are no internal candidates available.

### RECOMMENDATION:

It is recommended that the Board approve the principal selection process.



## Overview of Principal Selection Process

### Background

As Navigator Schools plans for growth in the near future, we recognize the importance for implementing a clear and thorough Principal selection process. The selection process focuses primarily on qualified, committed internal candidates who have demonstrated leadership. We are focusing on internal candidates because:

1. It is important for a Navigator principal to have a deep understanding of our culture and have experience working within the Navigator model
2. We value our existing employees who have contributed to our success
3. We are committed to leadership development and growth opportunities for all staff
4. We have implemented a structured leadership development program that is developing our leadership pipeline

A leadership panel participates in the process in the following ways:

1. Complete a selection matrix for each candidate
2. Review matrix results with candidates
3. Discussions with candidates regarding Navigator's 5 compass points, leadership values, and principal development program
4. Create an action/support plan with the candidates
5. Formally recommend candidate/s to CEO

The final step in the process is CEO approval. The process also includes a secondary external principal selection process, to be used if there are no internal candidates available.

The following documents provide further detail:

- Navigator Schools Principal Selection Process, Internal Candidate
- Navigator Schools Principal Selection Process, External Candidate
- Navigator Schools Principal Job Description
- Navigator Schools Principal Selection Process: Matrix
- Navigator Schools Principal Selection Process: Compass Points
- Navigator Schools Principal Selection Process: Leadership Values
- Navigator Schools Principal Development Program



**DRAFT**

## **Navigator Schools Principal Selection Process (Internal Candidate)**

*Navigator Schools equips students to become learners and leaders in high school, college, and beyond.*

*We develop top tier teams of educators who consistently improve and innovate schools that deliver phenomenal outcomes for all students, regardless of their circumstances.*

Internal process:

1. Candidate meets all required criteria in [Principal Job Description](#)
2. Panel scores [Principal Matrix](#) and discusses results
3. Candidate participates in a selection forum including:
  - a. Panel/candidate discussion
    - i. [Navi 5 Compass Points review](#)
    - ii. [Navi Leadership Values review](#)
    - iii. [Navigator Principal Development program](#) review
      1. School development
      2. Personal development
      3. Talent development
      4. Navigator development
    - iv. Discussion of matrix scoring and develop [Principal Action Plan](#)
  - b. Candidate reviews and signs a [Navi Principal Commitment](#)
4. Forum panel debrief, decision, signing of [Principal Recommendation Form](#)
5. CEO approval and promotion



## Navigator Schools Principal Hiring Process (External Candidate)

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*Navigator Schools equips students to become learners and leaders in high school, college, and beyond.*

*We develop top tier teams of educators who consistently improve and innovate schools that deliver phenomenal outcomes for all students, regardless of their circumstances.*

Process:

1. Candidate meets all required criteria in [Principal Job Description](#)
2. Candidate formally applies for position (on-line application on EdJoin or other job search site)
3. Candidate completes [360° Survey Requirements](#)
  - a. Candidate + three colleagues (current supervisor, coachee, and a third person, candidate's choice) complete survey
  - b. Candidate + three colleagues submit survey results within assigned timeline
4. Candidate participates in a selection forum
  - a. 360° survey results and feedback
  - b. Interview
  - c. Competencies: Navi 5 Compass Points, Navi Leadership Values
  - d. Panel Matrix scoring
  - e. Navigator Principal development program discussion (school, personal, talent, Navigator development)
  - f. Scenario
5. Forum panel debrief, decision, signing of recommendation form
6. CEO recommendation





## Principal

### **Reports to:**

CEO

### **FLSA Status:**

*Exempt*

### **WHO WE ARE**

Navigator Schools is a network of public charter schools that operates high performing K-8 schools in the Northern Central Coast region. Navigator is committed to closing the achievement gap through highly effective, student focused teaching methods, and boasts some of the top test scores in California.

### **OUR MISSION**

Navigator Schools equips students to become learners and leaders in high school, college, and beyond.

We develop top tier teams of educators who consistently improve and innovate schools that deliver phenomenal outcomes for all students, regardless of their circumstances.

### **ROLE SUMMARY**

The school principal is a critical member of the Navigator Schools senior leadership team charged with driving exceptional academic achievement and positive school culture. A Navigator principal is accountable for school and school leader performance, including but not limited to teaching and learning on the school site and across the organization. S/he will collaborate with other school and organizational leadership to operationalize the academic vision for the organization and lead a high-performing instructional team. The principal will develop teachers and leaders utilizing the Navigator Schools coaching model in service to achieving goals. A Navigator Schools principal is committed to and works to create schools that are equitable, diverse, and create a sense of belonging.

### **ESSENTIAL DUTIES AND RESPONSIBILITIES**

- Serves as the instructional leader of the school, assuming full responsibility for the collaborative development and implementation of organization and site goals and objectives
- Serves as a visionary leader for the site and organization
- Provides leadership in the organization and administration of the school's instructional program
- Supervises the site leadership team to ensure that academics, operations, and culture are maintained at a high level
- Carries out and supports all policies, programs, and instructional models that have been established by Navigator Schools
- Complies with all Navigator site leadership, professional and instructional practices and expectations
- Maintains compliance of State and federally-mandated programs
- Acts as a representative and liaison between the school and Support Office
- Serves as a valuable member of the organizational leadership team
- Performs other duties and responsibilities as assigned



**SUPERVISORY RESPONSIBILITIES**

- Responsible for overall supervision, evaluation, and coaching of all site staff
- Responsible for delegating supervisory, evaluatory, and coaching roles to other school leadership personnel
- Responsible for delegating the organization and supervision of school site volunteers

**REQUIRED EDUCATION & EXPERIENCE**

- BA, CA Teaching Credential, 3+ years teaching experience and 2+ years special assignment or school leadership experience
- Working knowledge and experience with Navigator Schools instructional and cultural models
- 1+ years of Navigator coaching experience
- Participation or willingness to participate in a Navigator-approved leadership program (RELAY, Innovate Public Schools, etc.)
- Mastery of the Navigator ‘5 Compass Points’
- Mastery of the Navi Leadership Values

**PREFERRED EDUCATION & EXPERIENCE**

- Administrative Credential
- Experience in working with diverse student and community populations
- Experience working in an educational environment that is challenging, fast-paced, and driven to succeed despite all odds
- Experience and skill in motivating others and in utilizing staff to maximize their capabilities
- Experience choosing, using and managing on-line educational programs
- Experience working in a charter management organization or other public school environment

**PREFERRED QUALIFICATIONS**

- Ability to perform each essential duty satisfactorily, reasonable accommodations may be made to enable individuals with disabilities to perform essential responsibilities
- Excellent interpersonal skills, including the ability to develop and keep the trust and confidence of others; the ability to successfully work with different personality styles
- Ability to work effectively and positively with diverse parent communities
- Excellent communication skills, including speaking, listening and writing
- Knowledge of school finance, budgeting, and business operations, and the ability to manage a school budget in a responsible manner
- Ability to lead and positively navigate conversations and meetings that include divergent opinions and conflict
- Must be able to work effectively under pressure with frequent interruptions
- Must be able to understand and carry out oral and written instructions; establish and maintain cooperative and effective relationships with those contacted in the course of work

**PRE-EMPLOYMENT PROCESS**

Employment eligibility will include fingerprints, tuberculosis and/or other



employment clearance.

**COMPENSATION AND BENEFITS**

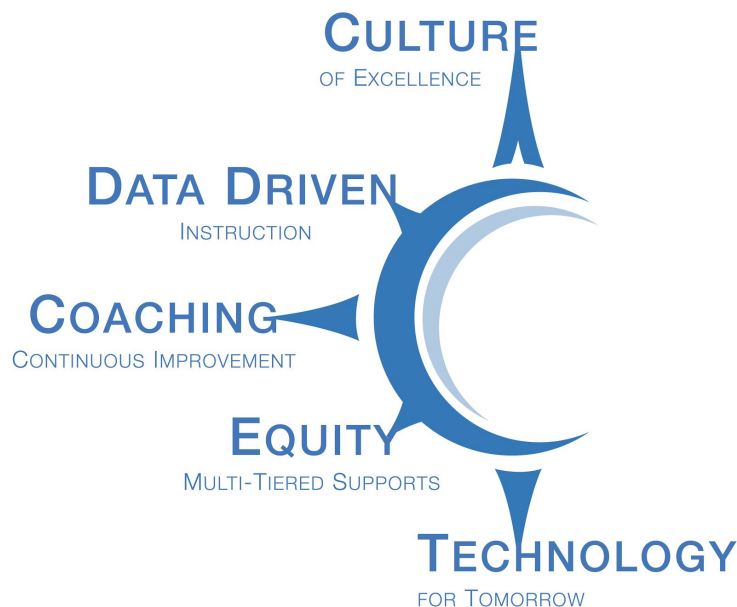
Salary and benefits will be competitive and commensurate with experience.

*Navigator Schools is committed to hiring a diverse team and encourages candidates of all backgrounds to apply. Navigator Schools is an equal opportunity employer.*

<p style="text-align: center;"><b>Mindset DRAFT</b></p>	<p><b>Skills (1-4) Scale</b> 1 = Major area of growth 2 = Partially meets 3 = Meets 4 = Exemplar</p>	<p style="text-align: center;"><b>Brief Narrative reflection</b></p>
<p><b>Coaching Mindset: I'm a people developer and influencer</b> People genuinely like this person because he or she has been able to build relationships and garner influence in the organization whether or not they currently hold a leadership position.</p>		
<p><b>DDI Mindset: I focus on outstanding results</b> Has a history of producing strong, data-driven results in their current and past position (i.e. coaching skills, strong test scores, etc)</p>		
<p><b>Culture Mindset: I live and breathe professionalism</b> Reliability in the form of being present and active during the 180 school days as well as any calendared workdays outside of instructional days. The candidate demonstrates professional responsibility, integrity, and ethical conduct.</p>		
<p><b>Culture Mindset: I know that success is lead by the power of communication</b> Is able to communicate in a professional manner with parents, staff and students while modeling truth and positivity.</p>		
<p><b>Culture Mindset: I'm a go getter and problem solver</b> Has notable drive and passion when tackling projects and problems. Takes initiative to solve problems utilizing resources in a thoughtful way. Comes up with ideas and finds ways to implement them effectively. Does not wait to be told what needs to be done.</p>		
<p><b>Coaching Mindset: I'm a people developer and influencer</b> Has an understanding of how to manage projects and people to get best possible outcomes.</p>		
<p><b>Coaching Mindset: I use my creative and innovative mind</b> Has an adequate number of years in a classroom and at various grade levels. Shows an understanding of academic rigor and is able to apply it to multiple subjects and grades.</p>		
<p><b>Culture Mindset: My blood runs Navi blue</b> Has exhibited Navigator leadership values through both words and actions.</p>		
<p><b>Equity Mindset: Equity...I do whatever it takes</b> Has a similar culture to that of the community we are serving, bilingual, or understands the community in a way that would make them relatable. E</p>		
<p><b>Coaching Mindset: I'm a people developer and influencer</b> Has a proven track record of being an effective coach at Navigator.</p>		
<p><b>Culture Mindset: I'm a servant leader</b> Exhibits Navi Leadership "SERVE" Values and collaborates with and empowers team members to problem solve, troubleshoot, and implement solutions.</p>		
<p><b>Equity Mindset: Equity...I do whatever it takes</b> Understands that equity isn't equal. Providing very student, parent or staff member what they need when they need it.</p>		

## NS Principal Selection Process: 5 Compass Points

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It is essential that Navigator Schools principals stay focused on the 5 Compass Points. With that in mind, please do the following:

1. Reflect on each point and talk/write about why it is an essential element of the Navigator model
2. Talk/write about the strengths of each element at your current site and within the organization
3. Talk/write about the areas for growth of each element at your current site and within the organization
4. Talk/write about your thoughts on which element is an area of strength for you, and which element is your biggest area for growth...elaborate on why you feel it is a strength or area for growth

## NS Principal Selection Process: Leadership Values

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NAVIGATOR LEADERS...SERVE

**S**ELFLESS, *HUMBLE* SERVICE TO THE *TEAM*

**E**MPATHETIC, *POSITIVE* APPROACH TO PEOPLE

**R**ELENTLESS ABOUT *STUDENT SUCCESS*

**V**ALIAN EFFORTS TO FULFILL OUR *MISSION*

**E**QUIPPING OTHERS FOR *LEADERSHIP*

It is essential that Navigator Schools principals embody the Navi leadership values and demonstrate them through their behaviors. With that in mind, please do the following:

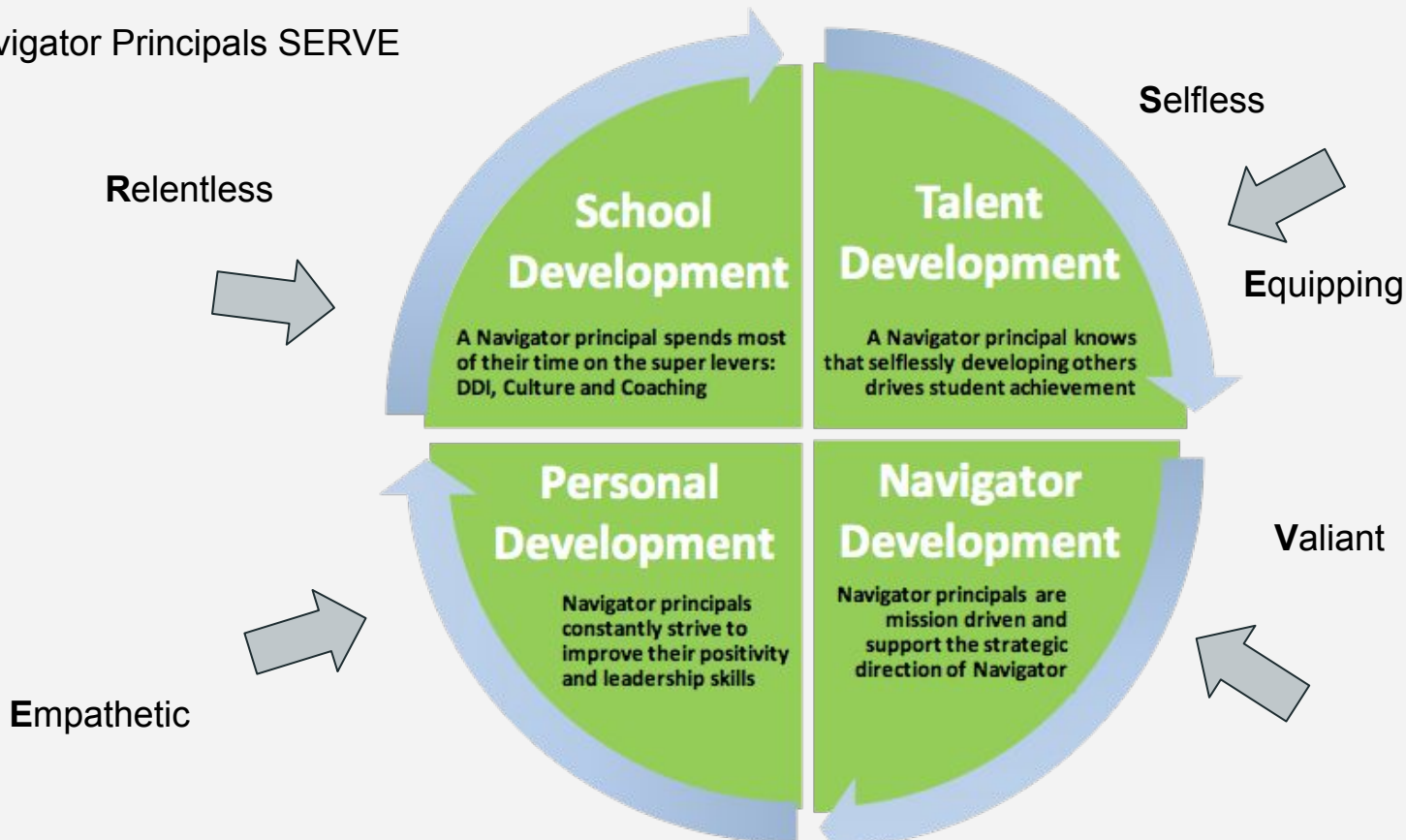
1. Reflect on each of the five values and and talk/write about why it is an essential element of the Navigator model
2. Talk/write about your strengths/areas of growth for each value and how you intend to continue to develop your leadership in these areas
3. Talk/write about your thoughts for each value as it relates to an area of strength for you, and which element is your biggest area for growth...elaborate on why you feel each is a strength or area for growth
4. As a principal of a Navigator school, you will be responsible for developing each of your teammates and to help develop these values within themselves. How do you plan to accomplish that?

# The Navigator Principal Development Program

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# The Navigator Principal Development Program

Navigator Principals SERVE







## **Adherence to super levers**

- Culture
- DDI
- Coaching
- MTSS
- Technology

## **Required readings for School Development**

### **Site follows the Navigator Leadership Monthly Map**

- Utilizes Navi meeting structures and communication calendar
- Implement Navi monthly activities calendar
- Implement Navi assessment and academics calendar

### **Actively participates in ongoing research and development**

- School visitations
- New pilots
- New school wide implementations

# Talent Development

Hiring Process

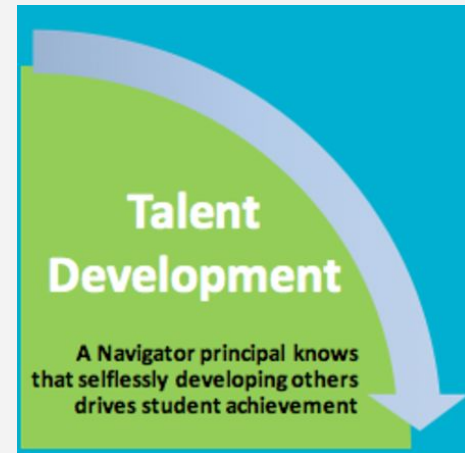
Required Readings of the for talent development

Coaching systems for developing employees

Online courses for teachers and leaders

BTSA

Navi 101/201



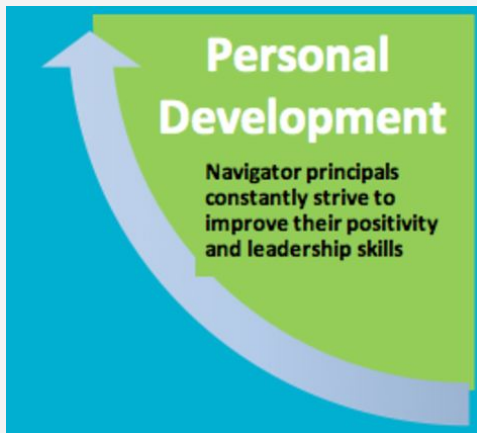
# Personal Development

Take online Navi leadership courses

Required Readings for leadership development

Participate in coaching weekly

Attend required workshops (Innovate, RELAY, Silicon Schools Fund etc.)



# Navigator Development

Participate in relevant strategic planning and implementation

Participate in growth related activities when asked

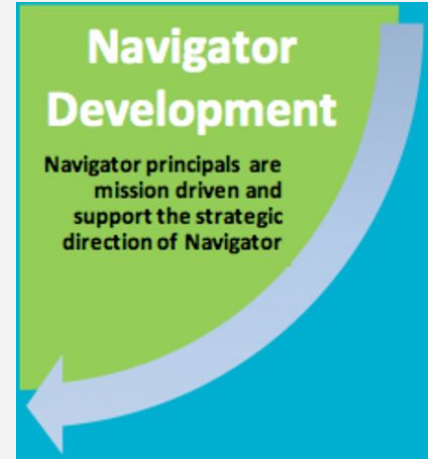
Support petition writing

Attend required workshops (Innovate, RELAY, Silicon Schools Fund, Ryan Fellowship, CCSA)

Attend board meetings

Support the annual leadership development days and all Navi-wide trainings

Improving our communities through education



# Strategic Development



# Navigator Development

Participate in relevant strategic planning and implementation

Participate in growth related activities when asked

Support petition writing

Attend required workshops (Innovate, RELAY, Silicon Schools Fund etc.)

Attend board meetings

Support the annual leadership development days and all Navi-wide trainings

# Coversheet

## Budget Development 2018-19

**Section:** III. Topical Items  
**Item:** D. Budget Development 2018-19  
**Purpose:** Vote  
**Submitted by:** Kevin Sved  
**Related Material:** Salary Increase Estimates 2018\_19.pdf

### BACKGROUND:

Navigator Schools will begin detailed budget development work for 2018-19 in early January 2018. In order to bring a preliminary 2018-19 Budget to the Board for the March 2018 Board Meeting, it is important that staff have direction on the parameters for salary increases since salaries make up the largest portion of the budget. Based on the early reports, it is projected that state revenues in 2018-19 will allow for salary increases in the range of 2-3.5%.

### RECOMMENDATION:

It is recommended that the Board direct staff to prepare preliminary 2018-19 budgets based on salary increases in the range of 2-3.5%.

**Salary Increase for budget 18/19**

GPS		2%	2%	3.50%	3.50%
17/18 Current Salaries	2,501,864	50,037	2,551,901	87,565	2,589,429
18/19 Projected New Hires	187,751		187,751		187,751
<b>TOTAL</b>	<b>2,689,615</b>		<b>2,739,652</b>		<b>2,777,180</b>

HPS		2%	2%	3.50%	3.50%
17/18 Current Salaries	1,916,879	38,338	1,955,217	67,091	1,983,970
18/19 Projected New Hires	340,500		340,500		340,500
<b>TOTAL</b>	<b>2,257,379</b>		<b>2,295,717</b>		<b>2,324,470</b>

CMO		2%	2%	3.50%	3.50%
17/18 Current Salaries	1,037,501	20,750	1,058,251	36,313	1,073,814
18/19 Projected New Hires	741,788		741,788		741,788
<b>TOTAL</b>	<b>1,779,289</b>		<b>1,800,039</b>		<b>1,815,602</b>

			<b>6,835,408</b>		<b>6,917,252</b>
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4%	4%
100,075	2,601,939
	187,751
	<b>2,789,690</b>

4%	4%
76,675	1,993,554
	340,500
	<b>2,334,054</b>

4%	4%
41,500	1,079,001
	741,788
	<b>1,820,789</b>

**6,944,533**