



Date: December 04, 2018

To: Board of Directors

From: Ami Ortiz, Director of Business & Finance

Re: 2017-18 Audit memo

An independent audit is an examination of our financial records, accounts, accounting practices and internal controls. For public schools the audit also reviews our instructional days and hours and the school sites ADA records to ensure the organization is in compliance with all California state laws. During the audit, the auditor reviews the organization's financial statements to determine whether or not they adhere to generally accepted accounting principles (GAAP). The independent audit is performed by an auditor/CPA that is not an employee and is retained through a contract for services, hence the term "Independent" audit.

Navigator's independent audit process began after the close of the 2017/18 fiscal year. I worked closely with Wade McMullen from Clifton, Larson, Allen (CLA) audit firm to ensure he had all documents needed to complete the audit in a timely manner so that we would meet the deadline set forth by the California Department of Education (CDE). Most of the audit work was performed off site by Mr. McMullen. He also conducted a site visit at the Support Office on October 5, 2018. During the visit he interviewed Kevin Sved, Ami Ortiz and Melissa Alatorre regarding internal controls and fraud protection.

I am happy to report the audit was a success! Below are a few of the highlights from the attached independent audit:

- Navigator Staff and Mr. McMullen maintained a positive and cooperative relationship to ensure a smooth and timely process
- There were no significant or material deficiencies in our internal controls found during the audit process (page 20)
- CLA found that there weren't any adjusting journal entries that needed to be made
- Navigator Schools was found to be in compliance with the laws and regulations of the State (page 23)